



God's Love We Deliver, Inc.

Independent Auditor's Report and Financial Statements

June 30, 2023



God's Love We Deliver, Inc.

June 30, 2023

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of God's Love We Deliver, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of God's Love We Deliver, Inc. as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of God's Love We Deliver, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about God's Love We Deliver, Inc.'s ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of God's Love We Deliver, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about God's Love We Deliver, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

FORVIS,LLP

New York, New York
October 18, 2023

God's Love We Deliver, Inc.
Statement of Financial Position
June 30, 2023
(With Summarized Financial Information for June 30, 2022)

	2023	2022
Assets		
Cash and cash equivalents	\$ 3,544,087	\$ 6,541,729
Investments	21,918,232	20,220,259
Receivables		
Contribution	266,300	434,545
Capital campaign	747,268	799,327
Government grants	2,846,127	2,905,079
Managed care receivables, net	1,061,342	698,666
Other	66,500	49,000
Prepaid expenses and other current assets	1,715,187	977,990
Property and equipment, net	26,531,108	25,410,681
Right-of-use assets - operating leases	342,940	-
Total assets	\$ 59,039,091	\$ 58,037,276
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,439,055	\$ 866,985
Accrued payroll and related liabilities	990,327	809,514
Deferred revenue	615,089	950,616
Operating lease liabilities	345,787	-
Loan payable	190,445	-
Total liabilities	3,580,703	2,627,115
 Net Assets		
Without donor restrictions	53,333,110	52,765,716
With donor restrictions	2,125,278	2,644,445
Total net assets	55,458,388	55,410,161
Total liabilities and net assets	\$ 59,039,091	\$ 58,037,276

God's Love We Deliver, Inc.
Statement of Activities
Year Ended June 30, 2023
(With Summarized Financial Information for the Year Ended June 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, Gains (Losses), and Other Support				
Contributions, grants, and bequests	\$ 9,329,294	\$ 1,130,895	\$ 10,460,189	\$ 15,247,666
Contributions of nonfinancial assets	123,933	-	123,933	488,497
New York City Wine and Food Festival	8,013,498	-	8,013,498	5,438,671
Special events revenues	8,765,510	100,000	8,865,510	8,359,396
Less direct costs of special events	(1,824,092)	-	(1,824,092)	(1,629,163)
Government grants	5,995,330	-	5,995,330	4,570,711
Managed care program	8,792,252	-	8,792,252	5,255,122
Miscellaneous	201,096	-	201,096	224,659
Net investment return (loss)	1,362,632	-	1,362,632	(2,622,875)
Net assets released from restrictions	2,010,067	(2,010,067)	-	-
	<u>42,769,520</u>	<u>(779,172)</u>	<u>41,990,348</u>	<u>35,332,684</u>
Total revenues, gains (losses), and other support				
Expenses				
Program services				
Meal preparation and delivery	20,652,170	-	20,652,170	16,187,531
Program, nutrition, and client services	6,448,785	-	6,448,785	5,433,856
New York City Wine and Food Festival	7,214,573	-	7,214,573	5,814,602
Policy and planning	1,503,155	-	1,503,155	889,595
	<u>35,818,683</u>	<u>-</u>	<u>35,818,683</u>	<u>28,325,584</u>
Total program services (includes depreciation of \$1,660,645 in 2023 and \$1,519,827 in 2022)				
Supporting services				
Management and general	1,797,119	-	1,797,119	1,893,425
Fundraising	4,586,324	-	4,586,324	4,784,801
	<u>6,383,443</u>	<u>-</u>	<u>6,383,443</u>	<u>6,678,226</u>
Total supporting services (includes depreciation of \$134,649 in 2023 and \$123,229 in 2022)				
Total expenses (includes depreciation of \$1,795,294 in 2023 and \$1,643,056 in 2022)				
	<u>42,202,126</u>	<u>-</u>	<u>42,202,126</u>	<u>35,003,810</u>
Change in Net Assets from Operating Activities	567,394	(779,172)	(211,778)	328,874
Nonoperating Activities				
Capital campaign contributions	-	260,005	260,005	1,000,000
Loss from write-off of contributions receivable	-	-	-	(255,482)
	<u>567,394</u>	<u>(519,167)</u>	<u>48,227</u>	<u>1,073,392</u>
Change in Net Assets				
Net Assets, Beginning of Year, Revised	<u>52,765,716</u>	<u>2,644,445</u>	<u>55,410,161</u>	<u>54,336,769</u>
Net Assets, End of Year	<u>\$ 53,333,110</u>	<u>\$ 2,125,278</u>	<u>\$ 55,458,388</u>	<u>\$ 55,410,161</u>

God's Love We Deliver, Inc.

Statement of Functional Expenses

Year Ended June 30, 2023

(With Summarized Financial Information for the Year Ended June 30, 2022)

	2023									
	Program Services				Total	Supporting Services				Total
Meal Preparation and Delivery	Program, Nutrition, and Client Services	New York City Wine and Food Festival	Policy and Planning	Management and General		Fundraising	Total	Total	Total	
Salaries	\$ 4,514,967	\$ 3,326,965	\$ 673,632	\$ 372,629	\$ 8,888,193	\$ 884,573	\$ 1,654,298	\$ 2,538,871	\$ 11,427,064	\$ 10,741,579
Employee benefits and payroll taxes	1,655,088	1,123,194	197,858	93,034	3,069,174	234,788	514,221	749,009	3,818,183	3,358,062
Temporary services	1,231,647	232,414	-	9,400	1,473,461	14,181	10,745	24,926	1,498,387	762,104
Professional fees	182,627	429,339	1,209,610	339,531	2,161,107	178,108	461,651	639,759	2,800,866	2,421,656
Donated services	-	14,106	-	400	14,506	5,368	104,059	109,427	123,933	488,497
Food costs	7,074,980	3,589	-	1,420	7,079,989	79	10,615	10,694	7,090,683	4,906,720
Meal containers	957,550	270	-	25	957,845	130	102	232	958,077	603,553
Kitchen supplies and maintenance	212,753	679	-	62	213,494	329	256	585	214,079	170,109
Vehicle expenses	1,441,592	254	-	-	1,441,846	-	255	255	1,442,101	1,041,971
Occupancy, including repair and maintenance	1,448,677	154,897	170,262	13,395	1,787,231	70,552	65,037	135,589	1,922,820	1,476,492
Telephone and internet	117,931	312,854	56,425	20,959	508,169	126,360	102,218	228,578	736,747	680,905
Office expenses and supplies	133,967	50,528	485	4,637	189,617	18,549	36,800	55,349	244,966	208,178
Insurance	53,309	19,033	-	2,776	75,118	95,673	22,746	118,419	193,537	148,441
Staff training, conferences, and related costs	76,530	52,891	69,258	41,860	240,539	40,796	167,775	208,571	449,110	317,185
Printing	11,964	381,435	260,183	900	654,482	3,238	521,703	524,941	1,179,423	933,172
Venue, catering, and other direct event expenses	19,914	95,226	4,475,875	11,610	4,602,625	11,763	2,307,360	2,319,123	6,921,748	6,077,012
Postage	1,675	51,461	4,361	176	57,673	2,272	147,535	149,807	207,480	210,342
Depreciation	1,490,093	156,190	-	14,362	1,660,645	75,404	59,245	134,649	1,795,294	1,643,056
Grant expense	-	-	-	561,200	561,200	-	-	-	561,200	-
Other expenses	26,906	43,460	96,624	14,779	181,769	34,956	223,795	258,751	440,520	443,939
Total expenses	20,652,170	6,448,785	7,214,573	1,503,155	35,818,683	1,797,119	6,410,416	8,207,535	44,026,218	36,632,973
Less expenses deducted directly from revenues										
Direct cost of special events	-	-	-	-	-	-	(1,824,092)	(1,824,092)	(1,824,092)	(1,629,163)
Total expenses reported by function on the statement of activities	\$ 20,652,170	\$ 6,448,785	\$ 7,214,573	\$ 1,503,155	\$ 35,818,683	\$ 1,797,119	\$ 4,586,324	\$ 6,383,443	\$ 42,202,126	\$ 35,003,810

God's Love We Deliver, Inc.

Statement of Cash Flows

Year Ended June 30, 2023

(With Summarized Financial Information for the Year Ended June 30, 2022)

	2023	2022
Operating Activities		
Change in net assets	\$ 48,227	\$ 1,073,392
Items not requiring (providing) operating cash flows		
Depreciation	1,795,294	1,643,056
Provision of bad debt	-	185,682
Net realized and unrealized loss (gain) on investments	(657,288)	3,440,485
Noncash operating lease expense	2,847	-
Contributions received restricted for acquisition of long-lived assets	(260,005)	(1,000,000)
Changes in		
Receivables		
Contribution	91,045	327,944
Government grants	58,952	(913,889)
Managed care receivables	(362,676)	(132,911)
Other	(17,500)	-
Prepaid expenses and other current assets	(737,197)	(263,838)
Accounts payable and accrued expenses	572,070	13,222
Accrued payroll and related liabilities	180,813	82,270
Deferred revenue	(335,527)	673,368
Net cash provided by operating activities	379,055	5,128,781
Investing Activities		
Purchase of investments	(6,060,432)	(14,925,431)
Proceeds from sale of investments	5,019,747	10,417,546
Property and equipment acquisitions	(2,915,721)	(487,997)
Net cash used in investing activities	(3,956,406)	(4,995,882)
Financing Activities		
Proceeds from loan payable	380,890	-
Payments of loan payable	(190,445)	-
Proceeds from contributions restricted for long-term use	389,264	386,911
Net cash provided by financing activities	579,709	386,911
Increase (Decrease) in Cash and Cash Equivalents	(2,997,642)	519,810
Cash and Cash Equivalents, Beginning of Year	6,541,729	6,021,919
Cash and Cash Equivalents, End of Year	\$ 3,544,087	\$ 6,541,729
Supplemental Cash Flows Information		
ROU assets obtained in exchange for new operating lease liabilities	\$ 374,160	\$ -

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

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, the New York City Wine and Food Festival, 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, 2023 and 2022, cash equivalents consisted primarily of money market funds.

At June 30, 2023, the Organization's cash accounts exceeded federally insured limits by approximately \$4,611,000.

Investments and Investment Return

Investments in mutual funds and exchange traded 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. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Accounts Receivable

Accounts receivable reflects the outstanding amount of consideration to which the Organization expects to be entitled in exchange for providing services to customers and meals to managed care clients. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the claim. Interest is not recorded on outstanding accounts receivable. There was an allowance for doubtful accounts for managed care receivables in the amount of \$15,000 as of June 30, 2023 and 2022.

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, 2023 and 2022.

Contract Liability

Amounts received related to services that have not yet been provided to customers are contract liabilities. Contract liabilities consist of payments for events that are deferred and recognized over the periods to which they relate.

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, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

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 statement 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, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue without donor restrictions.

Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participants represent 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. As of June 30, 2023 and 2022, the Organization received \$615,089 and \$950,616, respectively, of conditional contributions from special events that have not yet been earned.

Contributed Nonfinancial Assets

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. The related expenses are included in donated services on the statement of functional expenses. Contributed services have been included in contributions of nonfinancial assets on the statement of activities without donor-imposed restrictions.

In addition to receiving cash contributions, the Organization receives in-kind contributions of merchandise to be auctioned off during fundraising events, rental space, and food ingredients from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly record the revenue as contributions of nonfinancial assets by the same amount without donor-imposed restrictions.

Managed Care Program

Revenue is reported at the amount of consideration to which the Organization expects to be entitled in exchange for providing meals to clients. The Organization determines the transaction price based on established rates for meals provided.

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.

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

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, 2022, from which the summarized information was derived.

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.

Revision

Certain immaterial revisions have been made to the 2022 financial statements to reduce net assets by \$135,891 to correct the net assets with donor restrictions by \$135,891 to match the reported donor restrictions on statement of financial position (see Note 9). Additionally, net assets with and without donor restrictions on the statement of financial position and statement of activities were adjusted for \$49,591. These revisions did not have a significant impact on the financial statement line items impacted.

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, 2023 have been recorded as receivables. The grant commitments will be recognized into revenue as allowable expenses are incurred or milestones are achieved. Following are the grant commitments that extend beyond June 30, 2023:

Grant	Term	Grant Amount	Earned Through 2023	Funding Available
Public Health Solutions	3/01/2020-2/29/2024	\$ 10,733,767	\$ 9,454,821	\$ 1,278,946
The City of New York	3/8/2023–ongoing	94,255	93,170	1,085
U.S. Department of Health and Human Services	9/01/2022–8/31/2023	775,000	720,000	55,000
		<u>\$ 11,603,022</u>	<u>\$ 10,267,991</u>	<u>\$ 1,335,031</u>

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

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

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statement 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, 2023 and 2022:

	2023		
	Total	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Mutual funds			
Bond funds	\$ 7,633,863	\$ 7,633,863	\$ -
Equity funds	6,945,626	6,945,626	-
Exchange traded funds	5,215,970	5,215,970	-
Fixed income			
Federal home loan mortgage securities	370,278	-	370,278
Municipal bonds	1,619,271	-	1,619,271
Total investments reported on the fair value hierarchy	21,785,008	<u>\$ 19,795,459</u>	<u>\$ 1,989,549</u>
Cash and cash equivalents	133,224		
	<u>\$ 21,918,232</u>		

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

	<u>2022</u>	
	<u>Total</u>	<u>Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Mutual funds		
Bond funds	\$ 8,555,238	\$ 8,555,238
Equity funds	6,537,292	6,537,292
Exchange traded funds	<u>5,020,013</u>	<u>5,020,013</u>
Total investments reported on the fair value hierarchy	20,112,543	<u>\$ 20,112,543</u>
Cash and cash equivalents	<u>107,716</u>	
	<u>\$ 20,220,259</u>	

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 statement 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, 2023 and 2022.

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, 2023 and 2022.

God's Love We Deliver, Inc.

Notes to Financial Statements

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(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Note 4: Contributions Receivable

Unconditional contributions receivable for ongoing operations, capital campaign, and the building expansion campaign have been recorded at fair value. Those receivables that are due in more than one year have been discounted to their present value using a discount rate between 3.04% and 4.54% as of June 30, 2023 and 2022, as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 139,858	\$ 774,672	\$ 914,530
Due within one to two years	-	100,000	100,000
	139,858	874,672	1,014,530
Less discount to present value	-	(962)	(962)
Present value of contributions receivable	<u>\$ 139,858</u>	<u>\$ 873,710</u>	<u>\$ 1,013,568</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 287,704	\$ 496,700	\$ 784,404
Due within one to two years	-	450,430	450,430
	287,704	947,130	1,234,834
Less discount to present value	-	(962)	(962)
Present value of contributions receivable	<u>\$ 287,704</u>	<u>\$ 946,168</u>	<u>\$ 1,233,872</u>

God's Love We Deliver, Inc.

Notes to Financial Statements

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(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Note 5: Property and Equipment

	2023	2022	Estimated Useful Lives
Land	\$ 32,500	\$ 32,500	
Building and building improvements	31,945,684	30,879,801	5–31.5 years
Office furniture and fixtures	747,993	642,272	5 years
Delivery vehicles	1,790,702	1,523,760	5 years
Kitchen equipment	2,222,605	2,222,605	5–10 years
Computers and peripherals	3,160,440	1,915,944	5 years
Construction in progress	294,606	61,927	
	40,194,530	37,278,809	
Less accumulated depreciation	(13,663,422)	(11,868,128)	
	<u>\$ 26,531,108</u>	<u>\$ 25,410,681</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: Loan Payable

In August 2022, the Organization finalized a promissory note dated January 4, 2022 with Southern Glazer's Wine and Spirits (SGWS) for a principal amount of \$380,890 payable to SGWS as a result of a deficit from the 2021 New York City and Wine and Food Festival. The principal amount represents 50% of the deficit recognized by the Organization. The loan proceeds of \$380,890 were received by the Organization on September 29, 2022. The first of two installments of \$190,445 were due no later than December 31, 2022, and the remaining \$190,445 is due no later than December 31, 2023.

Note 7: Donated Services and Materials

The Organization depended on approximately 14,900 and 7,900 volunteers for the years ended June 30, 2023 and 2022, respectively, to carry out its mission, especially with regard to meal preparation and delivery. During the years ended June 30, 2023 and 2022, individuals and corporate groups contributed over 124,300 and 87,500 hours, respectively, of volunteer service valued at approximately \$1,864,000 and \$1,313,000, respectively. Without these volunteers, God's Love would have to hire paid staff to fulfill its mission, increasing 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 \$221,060 and \$237,250 for the years ended June 30, 2023 and 2022, 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 for human resources department. For the years ended June 30, 2023 and 2022, the value of contributed legal services recognized as revenues and expenses in the accompanying financial statements was \$21,472 and \$39,110, respectively. Donated materials include rental space worth \$0 and \$339,533 which was utilized by the Organization for a fundraising event for the years ended June 30, 2023 and 2022, respectively. The Organization received \$27,300 and \$48,570 of supplies and items for sale and auction which was monetized as proceeds for special events for the years ended June 30, 2023 and 2022, respectively. The Organization received \$75,161 and \$61,284 of food to be utilized for program services for the years ended June 30, 2023 and 2022, respectively. The Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States. For the years ended June 30, 2023 and 2022, the total fair value of donated materials and rental space was \$102,461 and \$449,387, respectively.

Note 8: 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 20 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 1,000 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.

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(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

For the years ended June 30, 2023 and 2022, eligible employees received a discretionary contribution of 2% of their total earnings. Pension expense for the years ended June 30, 2023 and 2022 was \$348,104 and \$308,950, 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, 2023 and 2022, the liability was \$53,898 and \$48,751, respectively, which is included in accounts payable and accrued expenses on the statement of financial position. There were no contributions for the years ended June 30, 2023 and 2022.

Note 9: Net Assets With Donor Restrictions

Net assets with donor restriction at June 30, 2023 and 2022 were available for the following activities:

	<u>2023</u>	<u>2022</u>
Meal preparation	\$ 9,835	\$ 375,335
Information technology enhancements	88,971	88,971
Delivery services	317,693	284,360
Public policy	588,779	795,779
Capital campaign	1,120,000	1,100,000
	<u>\$ 2,125,278</u>	<u>\$ 2,644,445</u>

Net assets released from restrictions during the year ended June 30, 2023 consist of the following:

Public policy	\$ 707,000
Meal preparation	971,400
Delivery services	231,667
Race to deliver	100,000
	<u>\$ 2,010,067</u>

God's Love We Deliver, Inc.

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June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Note 10: 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>2023</u>	<u>2022</u>
Program	\$ 69,254	\$ 49,574
Fundraising	<u>69,254</u>	<u>49,574</u>
	<u>\$ 138,508</u>	<u>\$ 99,148</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. 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 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

For the year ended June 30, 2023, there was no concentration in contributions. For the year ended June 30, 2022, approximately 10% of all contributions received was from one donor. One contribution receivable totaling \$398,230 represents a significant portion of total contributions receivable as of June 30, 2023. Three contributions receivable totaling \$904,689 represent a significant portion of the total contributions receivable as of June 30, 2022.

For the years ended June 30, 2023 and 2022, approximately 21% and 25%, respectively, of total revenue is generated from special events. This represents concentration of risk to the Organization.

Government Grants

For the years ended June 30, 2023 and 2022, one government grant of \$3,375,389 and \$2,463,960, respectively, represents a significant portion of the total government grants.

God's Love We Deliver, Inc.

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

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 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, 2023 and 2022, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end		
Cash	\$ 3,544,087	\$ 6,541,729
Investments	21,918,232	20,220,259
Receivable	<u>4,987,537</u>	<u>4,886,617</u>
Total financial assets at year-end	30,449,856	31,648,605
Less amounts not available to be used within one year		
With donor restrictions	<u>(2,125,278)</u>	<u>(2,644,445)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 28,324,578</u>	<u>\$ 29,004,160</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: Revenue from Contracts with Customers

Managed Long-Term Care Revenue

Revenue from contracts with long-term managed care providers and other healthcare contracts is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for delivering meals to clients. These amounts are due from long-term managed care providers, other healthcare providers, hospitals, and other nonprofit organizations.

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June 30, 2023

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Revenue is recognized as performance obligations are satisfied, which is at a point in time when meals are delivered to the clients and the Organization does not believe it is required to provide additional goods or services related to that transaction.

New York City Wine and Food Festival

Revenue from the New York City Wine and Food Festival (NYCWFF) is reported at the amount that reflects the consideration to which the Organization expected to be entitled in exchange for hosting the festival. These amounts are due from exhibitors and customers.

For revenues from exhibitors, performance obligations are determined based on the nature of the goods or services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied over time is recognized ratably over the duration of the festival. The Organization believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, the Organization bills the exhibitors prior to the start of the event. The exhibitor fees and ticket sale revenues for the years ended June 30, 2023 and 2022 was \$392,250 and \$144,588, respectively.

For revenues from customers, performance obligations are satisfied at a point in time when goods are provided to customers at a single point in time. Generally, the ticket sales for the festival are sold prior to the start of the event. The Organization does not believe it is required to provide additional goods or services related to that sale. The ticket sales revenue for the years ended June 30, 2023 and 2022 was \$3,160,428 and \$1,778,667, respectively.

Revenues from corporate sponsors included in total NYCWFF revenue in the accompanying statement of activities are recognized under Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as sponsorships are treated in accordance with the contribution sponsorship guidance and recognized as contributions. The corporate sponsorships revenue for the years ended June 30, 2023 and 2022 was \$4,460,820 and \$3,134,526, respectively.

Special Events Revenue

Revenue from special events is reported at the amount that reflects the consideration to which the Organization expect to be entitled in exchange for the direct cost of the benefits received by the participant at the event. These revenues are recognized over time.

Transaction Price and Recognition

The Organization determines the transaction price based on standard charges for economic value of special events admission tickets and contracted rates per meal delivered. Consideration amounts are not variable, and as the contracts are generally less than a year in duration, they do not have significant financing components.

Subsequent changes that are determined to be the result of denied claims are recorded as bad debt expense.

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Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

For the years ended June 30, 2023 and 2022, the Organization recognized revenue of \$8,792,252 and \$5,255,122, respectively, from meals delivered to the client at a point in time. The Organization recognized \$1,018,214 and \$1,121,769 of revenue from the exchange for the direct cost of the benefits received by the participants of special events that occurred for the years ended June 30, 2023 and 2022, respectively. The Organization recognized \$186,946 and \$118,114 of revenue from miscellaneous income, merchandise sales, and shipping and handling fees for the years ended June 30, 2023 and 2022, respectively.

Contract Balances

The following table provides information about the Organization's receivables and contract liabilities from contracts with customers. There were no contract assets or liabilities as of June 30, 2023, June 30, 2022, or July 1, 2021.

	<u>2023</u>	<u>2022</u>
Net managed care receivables, beginning of year	\$ 698,666	\$ 565,755
Net managed care receivables, end of year	1,061,342	698,666

Financing Component

The Organization has elected the practical expedient allowed under the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASC) 606-10-32-18 and does not adjust the promised amount of consideration from healthcare plans and providers for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a client and the time the client pays for that service will be one year or less.

Note 14: Leases

Changes in Accounting Principles

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. In July 2018, FASB issued ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or, as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e.*, the comparatives under ASC 840 option.

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Notes to Financial Statements

June 30, 2023

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The Organization adopted Topic 842 on July 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. The Organization elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification, or initial direct costs for existing or expired leases prior to the effective date. The Organization has lease agreements with nonlease components that relate to the lease components. The Organization elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all. Also, the Organization elected to keep short-term leases with an initial term of 12 months or less off the statement of financial position. The Organization did not elect the hindsight practical expedient in determining the lease term for existing leases as of July 1, 2022.

The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities of \$37,018 and \$37,018, respectively, while the accounting for existing capital leases (now referred to as finance leases) remained substantially unchanged. The standard did not significantly affect the statements of activities or cash flows.

Accounting Policies

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

The Organization combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings. In addition, for certain equipment leases, the Organization applies a portfolio approach to effectively account for the operating lease ROU assets and liabilities.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

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Nature of Leases

The Organization has entered into the following lease arrangements:

Operating Leases

In August 2021, the Organization entered into a lease agreement to lease office space. The commencement of the lease began in April 2023. The lease expires on March 31, 2027. The initial rent is \$5,800 payable monthly and increases to \$7,500 through the life of the lease. As part of the lease, the Organization paid \$17,400 as a security deposit.

Additionally, the Organization leases various equipment under several operating leases, which expire at various dates through January 2027.

Quantitative Disclosures

The lease cost and other required information for the year ended June 30, 2023 are:

Lease cost		
Operating lease expense	\$	41,988
Variable lease expense		<u>10,540</u>
Total lease cost	\$	<u><u>52,528</u></u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$	32,684
ROU assets obtained in exchange for new operating lease liabilities		374,160
Weighted-average remaining lease term		
Operating leases		3.65 years
Weighted-average discount rate		
Operating leases		3.54%

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Future minimum lease payments and reconciliations to the balance sheet at June 30, 2023 for operating lease liabilities:

	<u>Operating Leases</u>
2024	\$ 92,416
2025	101,382
2026	104,625
2027	<u>70,595</u>
Total future undiscounted lease payments	369,018
Less interest	<u>(23,231)</u>
Lease liabilities	<u>\$ 345,787</u>

Note 15: Subsequent Events

Subsequent events have been evaluated through October 18, 2023, which is the date the financial statements were available to be issued.

Note 16: 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.