



**St. John's Bread & Life Program, Inc.**

**Financial Statements  
(Together with Independent Auditors' Report)**

**Years Ended June 30, 2020 and 2019**

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**

**FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2020 AND 2019**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
INDEPENDENT AUDITORS' REPORT .....	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Functional Expenses .....	4 - 5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7 - 13

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
St. John's Bread & Life Program, Inc.

We have audited the accompanying financial statements of St. John's Bread & Life Program, Inc. ("Bread & Life" or the "Organization") which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Bread & Life as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Marks Paneth LLP*

Purchase, New York  
February 8, 2021

**ST. JOHN'S BREAD AND LIFE PROGRAM, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents (Note 2C)	\$ 2,206,548	\$ 304,042
Contributions receivable (Notes 2G and 4)	49,200	105,700
Government contract receivable (Note 5)	140,039	90,370
Inventory (Note 2E)	63,104	35,102
Prepaid expenses	118,060	73,655
Property and equipment, net (Notes 2F and 6)	4,854,648	5,170,016
<b>TOTAL ASSETS</b>	<b>\$ 7,431,599</b>	<b>\$ 5,778,885</b>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 162,831	\$ 184,925
Government contract advances (Note 2G)	50,518	-
PPP loan payable (Note 7)	359,955	-
<b>TOTAL LIABILITIES</b>	<b>573,304</b>	<b>184,925</b>
 <b>COMMITMENTS AND CONTINGENCIES</b> (Note 9)		
 <b>NET ASSETS</b> (Note 2B)		
Without donor restrictions (Notes 2B)		
Available for operations	5,852,187	5,400,572
Board-designated - Operating reserve (Notes 2B and 10)	750,000	-
	6,602,187	5,400,572
With donor restrictions (Notes 2B and 11)		
Time restricted for future purposes	95,059	101,664
Purpose restricted	161,049	91,724
	256,108	193,388
<b>TOTAL NET ASSETS</b>	<b>6,858,295</b>	<b>5,593,960</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,431,599</b>	<b>\$ 5,778,885</b>

The accompanying notes are an integral part of these financial statements.

**ST. JOHN'S BREAD AND LIFE PROGRAM, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2020</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>
<b>OPERATING ACTIVITIES:</b>						
<b>PUBLIC SUPPORT AND OTHER REVENUE:</b>						
Public Support:						
Individuals	\$ 1,583,158	\$ -	\$ 1,583,158	\$ 1,418,565	\$ -	\$ 1,418,565
Corporations	39,364	-	39,364	43,395	-	43,395
Foundations	1,279,701	731,100	2,010,801	468,650	465,000	933,650
Government	772,930	-	772,930	669,882	-	669,882
Religious Organizations	58,500	-	58,500	11,000	-	11,000
Special Events - net of direct expenses of \$3,903 and \$14,629 for 2020 and 2019, respectively	471,258	-	471,258	470,286	-	470,286
Miscellaneous	5,105	-	5,105	5,262	-	5,262
In-Kind Donations (Note 2H)	533,842	-	533,842	289,508	-	289,508
In-Kind Services (Note 2H)	36,000	-	36,000	-	-	-
Net assets released from restrictions (Note 11)	668,380	(668,380)	-	580,610	(580,610)	-
Total Public Support	<u>5,448,238</u>	<u>62,720</u>	<u>5,510,958</u>	<u>3,957,158</u>	<u>(115,610)</u>	<u>3,841,548</u>
<b>EXPENSES:</b>						
Operating Expenses:						
Program services						
Meals and nutrition	2,214,038	-	2,214,038	2,437,071	-	2,437,071
Social services	967,235	-	967,235	1,120,384	-	1,120,384
Total Program Services	<u>3,181,273</u>	<u>-</u>	<u>3,181,273</u>	<u>3,557,455</u>	<u>-</u>	<u>3,557,455</u>
Supporting services						
Fundraising	469,657	-	469,657	451,824	-	451,824
Management	595,693	-	595,693	330,728	-	330,728
Total Supporting Services	<u>1,065,350</u>	<u>-</u>	<u>1,065,350</u>	<u>782,552</u>	<u>-</u>	<u>782,552</u>
Total Operating Expenses	<u>4,246,623</u>	<u>-</u>	<u>4,246,623</u>	<u>4,340,007</u>	<u>-</u>	<u>4,340,007</u>
<b>CHANGES IN NET ASSETS</b>	1,201,615	62,720	1,264,335	(382,849)	(115,610)	(498,459)
<b>NET ASSETS - Beginning of Year</b>	<u>5,400,572</u>	<u>193,388</u>	<u>5,593,960</u>	<u>5,783,421</u>	<u>308,998</u>	<u>6,092,419</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 6,602,187</u>	<u>\$ 256,108</u>	<u>\$ 6,858,295</u>	<u>\$ 5,400,572</u>	<u>\$ 193,388</u>	<u>\$ 5,593,960</u>

The accompanying notes are an integral part of these financial statements.

**ST. JOHN'S BREAD AND LIFE PROGRAM, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
(With Comparative Totals for the Year Ended June 30, 2019)

	Program Services			Supporting Services			Total	
	Meals and Nutrition	Social Services	Total Program Services	Fundraising	Management	Total Supporting Services	2020	2019
Salaries	\$ 465,579	\$ 484,221	\$ 949,800	\$ 231,030	\$ 197,175	\$ 428,205	\$ 1,378,005	\$ 1,434,942
Payroll taxes and employee benefits (Note 8)	139,396	112,306	251,702	42,072	43,573	85,645	337,347	349,240
<b>Total Salaries and Related Costs</b>	<b>604,975</b>	<b>596,527</b>	<b>1,201,502</b>	<b>273,102</b>	<b>240,748</b>	<b>513,850</b>	<b>1,715,352</b>	<b>1,784,182</b>
Religious stipends	48,916	67,268	116,184	30,030	66,000	96,030	212,214	185,142
Volunteer expenses	3,687	4,364	8,051	125	1,255	1,380	9,431	18,292
Food purchases	695,094	-	695,094	-	-	-	695,094	1,265,711
Food purchases - In-kind	533,842	-	533,842	-	-	-	533,842	-
Products and supplies	67,953	26,644	94,597	5,620	5,865	11,485	106,082	97,648
Hygienic and baby supplies	-	2,308	2,308	-	-	-	2,308	10,148
Holiday toys and gifts	-	19,092	19,092	-	-	-	19,092	38,949
Miscellaneous client assistance	-	8,630	8,630	-	-	-	8,630	17,562
Consultants and outside services	1,620	4,000	5,620	52,452	-	52,452	58,072	100,690
Professional fees - In-kind	-	-	-	-	36,000	36,000	36,000	-
Professional fees	13,108	4,016	17,124	33,251	91,007	124,258	141,382	101,440
Utilities	23,921	20,504	44,425	3,417	20,503	23,920	68,345	82,717
Repairs and maintenance	4,761	8,269	13,030	1,758	3,488	5,246	18,276	57,000
Insurance	45,715	42,581	88,296	7,770	28,721	36,491	124,787	103,606
Equipment rental (Note 9)	12,000	9,282	21,282	3,668	4,058	7,726	29,008	8,034
Stationery and printing	33	2,927	2,960	8,606	125	8,731	11,691	4,074
Telephone	5,658	4,849	10,507	808	5,146	5,954	16,461	17,257
Postage	108	477	585	2,120	715	2,835	3,420	3,523
Special events meals and facility expenses	-	-	-	3,903	-	3,903	3,903	45,036
Vehicle expense	22,606	623	23,229	125	125	250	23,479	14,883
Training and development	2,130	2,784	4,914	846	2,444	3,290	8,204	9,471
Dues, fees and subscriptions	2,931	16,133	19,064	4,256	943	5,199	24,263	19,381
Bank charges	78	-	78	17	16,906	16,923	17,001	19,092
Website development	-	1,055	1,055	4,500	-	4,500	5,555	6,100
Depreciation (Notes 2F and 6)	124,902	124,902	249,804	35,686	71,374	107,060	356,864	344,698
Bad debt expense	-	-	-	1,500	-	1,500	1,500	-
Miscellaneous	-	-	-	-	270	270	270	-
<b>Total Other Expenses</b>	<b>1,609,063</b>	<b>370,708</b>	<b>1,979,771</b>	<b>200,458</b>	<b>354,945</b>	<b>555,403</b>	<b>2,535,174</b>	<b>2,570,454</b>
Less: direct benefits to donors recorded on the statement of activities	-	-	-	(3,903)	-	(3,903)	(3,903)	(14,629)
<b>Total Operating Expenses</b>	<b>\$ 2,214,038</b>	<b>\$ 967,235</b>	<b>\$ 3,181,273</b>	<b>\$ 469,657</b>	<b>\$ 595,693</b>	<b>\$ 1,065,350</b>	<b>\$ 4,246,623</b>	<b>\$ 4,340,007</b>

The accompanying notes are an integral part of these financial statements.

**ST. JOHN'S BREAD AND LIFE PROGRAM, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services			Supporting Services			Total
	Meals and Nutrition	Social Services	Total Program Services	Fundraising	Management	Total Supporting Services	
Salaries	\$ 486,232	\$ 544,041	\$ 1,030,273	\$ 271,681	\$ 132,988	\$ 404,669	\$ 1,434,942
Payroll taxes and employee benefits (Note 8)	142,508	134,377	276,885	44,775	27,580	72,355	349,240
<b>Total Salaries and Related Costs</b>	<b>628,740</b>	<b>678,418</b>	<b>1,307,158</b>	<b>316,456</b>	<b>160,568</b>	<b>477,024</b>	<b>1,784,182</b>
Religious stipends	62,319	82,407	144,726	6,776	33,640	40,416	185,142
Volunteer expenses	6,690	8,847	15,537	261	2,494	2,755	18,292
Food purchases	1,262,598	-	1,262,598	105	3,008	3,113	1,265,711
Products and supplies	70,030	20,976	91,006	3,913	2,729	6,642	97,648
Hygienic and baby supplies	-	10,148	10,148	-	-	-	10,148
Holiday toys and gifts	-	38,949	38,949	-	-	-	38,949
Miscellaneous client assistance	27	17,518	17,545	7	10	17	17,562
Consultants and outside services	2,238	20,904	23,142	51,015	26,533	77,548	100,690
Professional fees	71,740	17,208	88,948	1,303	11,189	12,492	101,440
Utilities	52,231	16,913	69,144	4,136	9,437	13,573	82,717
Repairs and maintenance	37,918	11,251	49,169	3,093	4,738	7,831	57,000
Insurance	34,165	37,570	71,735	6,309	25,562	31,871	103,606
Equipment rental (Note 9)	1,469	3,608	5,077	1,817	1,140	2,957	8,034
Stationery and printing	39	3,957	3,996	39	39	78	4,074
Telephone	5,212	8,490	13,702	863	2,692	3,555	17,257
Postage	156	1,099	1,255	1,243	1,025	2,268	3,523
Special events meals and facility expenses	-	1,455	1,455	42,836	745	43,581	45,036
Vehicle expense	12,274	2,149	14,423	202	258	460	14,883
Training and development	1,525	3,759	5,284	797	3,390	4,187	9,471
Dues, fees and subscriptions	3,356	13,603	16,959	1,419	1,003	2,422	19,381
Bank charges	417	46	463	13	18,616	18,629	19,092
Website development	405	465	870	5,100	130	5,230	6,100
Depreciation (Notes 2F and 6)	183,522	120,644	304,166	18,750	21,782	40,532	344,698
<b>Total Other Expenses</b>	<b>1,808,331</b>	<b>441,966</b>	<b>2,250,297</b>	<b>149,997</b>	<b>170,160</b>	<b>320,157</b>	<b>2,570,454</b>
Less: direct benefits to donors recorded on the statement of activities	-	-	-	(14,629)	-	(14,629)	(14,629)
<b>Total Operating Expenses</b>	<b>\$ 2,437,071</b>	<b>\$ 1,120,384</b>	<b>\$ 3,557,455</b>	<b>\$ 451,824</b>	<b>\$ 330,728</b>	<b>\$ 782,552</b>	<b>\$ 4,340,007</b>

The accompanying notes are an integral part of these financial statements.

**ST. JOHN'S BREAD AND LIFE PROGRAM, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 1,264,335	\$ (498,459)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	356,864	344,698
Bad debt expense	1,500	-
Changes in operating assets and liabilities:		
Contributions receivable	55,000	10,000
Government receivable	(49,669)	184,026
Other receivables	-	1,970
Prepaid expenses	(44,405)	21,820
Inventory	(28,002)	26,716
Accounts payable and accrued expenses	(22,094)	(16,643)
Government contract advances	50,518	-
	<b>1,584,047</b>	<b>74,128</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from matured certificate of deposit	-	250,000
Additions to fixed assets	(41,496)	(98,663)
	<b>(41,496)</b>	<b>151,337</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from PPP loan	359,955	-
	<b>359,955</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,902,506</b>	<b>225,465</b>
Cash and cash equivalents - beginning of year	304,042	78,577
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 2,206,548</b>	<b>\$ 304,042</b>

The accompanying notes are an integral part of these financial statements.



**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 – ORGANIZATION AND PURPOSE**

St. John's Bread & Life Program, Inc. ("Bread & Life" or the "Organization") was founded in 1982 as an outreach program of St. John the Baptist Roman Catholic Church (the "Parish") for the purpose of providing free nutritious meals to the residents of an impoverished Brooklyn community. Bread & Life was separately incorporated in 1993 and ceased to be an outreach program of the Parish at that time. In 2008, Bread & Life was further reorganized and is now a membership organization whose members are appointed by the president of St. John's University, New York (the "University"). Bread & Life is governed by a Board of Directors who are approved by the members. Bread & Life not only provides an estimated 3,500 meals per day, but also provides a setting where social service agencies can meet with and assist those in need. Bread & Life relies on food donations from governmental agencies, as well as monetary contributions from corporations, foundations, religious organizations and individuals.

Bread & Life has been determined by the Internal Revenue Service to be exempt from Federal income taxes pursuant to Section 501(c) (3) of the Internal Revenue Code of 1986, as amended.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. ***Basis of Accounting*** – The books and records of Bread & Life are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.
- B. ***Financial Statement Presentation*** – The Organization reports information regarding its financial position and activities in two classes of net assets: without and with donor restrictions. Net Assets without donor restrictions consist of amounts that can be spent at the discretion of the Organization and have no donor restrictions associated with them. Net assets with donor restrictions consist of contributions that are restricted by the donor for a specific time period or purpose. The Organization did not have any net assets with donor restrictions to be held in perpetuity as of June 30, 2020.
- C. ***Cash and Cash Equivalents*** – For purposes of the statement of cash flows, Bread & Life considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.
- D. ***Allowance for Uncollectible Accounts*** – Bread & Life evaluates the need for an allowance for uncollectible accounts based on a combination of factors such as management's assessment of the creditworthiness of its donors, a review of individual accounts outstanding, aged basis of the receivables, current economic conditions and historical experience. No allowance for doubtful accounts was considered necessary at June 30, 2020 and 2019.
- E. ***Inventory*** – Inventory consists of food and related household items and is recorded at cost using the first-in, first-out method. Donated items in inventory are recorded at fair market value.
- F. ***Property and Equipment*** – Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets, which range from four to 50 years. Bread & Life capitalizes property and equipment with a cost of \$5,000 or more and a useful life of four years or greater. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any resulting gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.
- G. ***Recognition of Support*** – The Organization's major source of revenue is from contributions and government contracts and grants.

*Pledges Receivable:* Unconditional pledges are recognized as revenue in the period received and recorded as assets or decreases of liabilities or expenses, depending on the form of the benefits received. Conditional pledges are recognized when the conditions on which they depend are substantially met.

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Contributions:* The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, 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. If a donor restriction is fulfilled in the same time period in which the contribution is received, the Organization recognizes the support as without donor restrictions.

*Revenues from Government Sources:* Revenue from government agency grants and contracts is recorded as earned pursuant to the terms of the contracts. Revenue earned based on achievement of performance objectives is recognized when the objectives have been achieved. Earned revenue yet to be billed under contract terms in excess of advances is reported as earned but unbilled receivables. Advances received from government agencies in excess of expenditures incurred for a contract still in progress are reported as government contract advances. Advances in excess of expenditures for completed contracts are reported as due to government agencies.

Government grants and contracts are nonexchange transactions and accounted for under ASU 2018-08. Grants and contracts are recognized as revenue when barriers within the agreement are overcome, and there is no right of return. Government grants and contracts amounted to \$772,930 and \$669,882 for the years ended June 30, 2020 and 2019, respectively, and are included in the statements of activities. There are instances when the Organization receives advances from the grantor. Such advances are recorded as government contract advances in the accompanying statements of financial position. As of June 30, 2020 and 2019 advances from government contracts amounted to \$50,518 and \$0, respectively.

As of June 30, 2020, the Organization received conditional grants and contracts from government agencies in the aggregate amount of approximately \$202,018. Such grants have not been recognized in the accompanying financial statements as they are for future periods and will be recognized when contract barriers are overcome. Such barriers include expending these funds in accordance with their agreements. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and the Agency may be required to return the funds already remitted.

- H. ***In-Kind Donations*** – Bread & Life receives contributions of food products and household items. Donated goods and services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. The value of these contributions is reflected in the accompanying financial statements as in-kind contributions in the accompanying statements of activities since they are subject to objective measurement or valuation. In-kind contributions for the years ended June 30, 2020 and 2019 amounted to \$533,842 and \$289,508, respectively.

In-Kind professional services for the years ended June 30, 2020 and 2019 amounted to \$36,000 and \$0, respectively.

- I. ***Functional Allocation of Expenses*** – The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salary and benefit expenses are allocated according to the department employees work in. Other expenses such as depreciation, insurance, etc. are allocated on a percentage basis.

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Wherever possible, direct expenses are charged directly to applicable programs.

- J. **Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- K. **Reclassifications** – Certain line items in the June 30, 2019 financial statements have been reclassified to conform to the June 30, 2020 financial statement presentation.
- L. **Recently Adopted Accounting Standards** – The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) FASB ASU 2018-08, “Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made” (Topic 958), which was adopted by the Organization for the year ended June 30, 2020. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution is conditional.

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

Bread & Life regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and receivables. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities, as well as services undertaken to support those activities to be general expenditures.

Bread & Life’s financial assets available for general expenditure, and available to the Organization over twelve months, that is, without donor or other restrictions that limit their use, within one year of the statement of financial position, comprised the following as of June 30:

	2020	2019
Cash and cash equivalents	\$ 2,206,548	\$ 304,042
Contributions receivable	49,200	105,700
Government contract receivable	140,039	90,370
	2,395,787	500,112
Less: amounts with limits on usage		
Board-designated operating reserve	(750,000)	-
Spendable net assets with donor restrictions	(256,108)	(193,388)
	\$ 1,389,679	\$ 306,724

The board-designated operating reserve may be drawn upon, if necessary, to meet unexpected liquidity needs.

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 4 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable is as follows at June 30:

	<u>2020</u>	<u>2019</u>
Amounts expected to be collected in:		
Less than one year	\$ 49,200	\$ 105,700
One to five years	-	-
	<u>49,200</u>	<u>105,700</u>
Less: discount for net present value	-	-
	<u>\$ 49,200</u>	<u>\$ 105,700</u>

**NOTE 5 – GOVERNMENT CONTRACT RECEIVABLE**

Government contract receivable is as follows at June 30:

	<u>2020</u>	<u>2019</u>
NYS Office of Temporary & Disability Assistance - Targeted SNAP Outreach Program	\$ 94,660	\$ 33,082
NYS Dept. of Health-Hunger Prevention and Nutrition Assistance Program - HPNAP Program	<u>45,379</u>	<u>57,288</u>
	<u>\$ 140,039</u>	<u>\$ 90,370</u>

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 987,533	\$ 987,533
Building	1,764,030	1,764,030
Building improvement	5,135,213	5,096,617
Furniture and equipment	<u>1,254,623</u>	<u>1,251,723</u>
Total property and equipment	9,141,399	9,099,903
Less: accumulated depreciation	<u>(4,286,751)</u>	<u>(3,929,887)</u>
Total property and equipment, net	<u>\$ 4,854,648</u>	<u>\$ 5,170,016</u>

Depreciation expense for fiscal years ended June 30, 2020 and 2019 was \$356,864 and \$344,698, respectively.

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 7 – PAYCHECK PROTECTION PROGRAM LOAN**

On April 20, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$359,955 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization intends to apply for forgiveness of the PPP Loan with respect to these covered expenses and expects to qualify for full forgiveness. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum and commencing in November 2020 principal and interest payments will be required through the maturity date in April 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default. Principal payments on this debt, if not forgiven, will be as follows:

FY2021	\$ 158,309
FY2022	<u>201,646</u>
Total PPP Loan Payable	<u><u>\$ 359,955</u></u>

**NOTE 8 – EMPLOYEE BENEFIT PLAN**

Bread & Life has established a defined contribution salary deferral 403(b) plan covering substantially all eligible employees. Employer contributions amounted to \$27,812 and \$28,271 for the years ended June 30, 2020 and 2019, respectively.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

Bread & Life leases equipment under two operating leases that expire variably through 2021. Future minimum payments due under the leases for each of the years subsequent to June 30, 2020 are as follows:

2021	<u>\$ 1,020</u>
	<u><u>\$ 1,020</u></u>

Equipment rental expense amounted to \$29,008 and \$8,034 for the years ended June 30, 2020 and 2019, respectively.

Bread & Life believes it has no uncertain tax positions as of June 30, 2020 and 2019 in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 10 – BOARD DESIGNATED NET ASSETS**

The Board of Directors voted to establish an operating reserve account to provide an internal source of funds in the event of an unanticipated loss in funding or a sudden increase in expenses. The reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as investment in infrastructure. It is the intention of the Board that the operating reserves be replenished within a reasonably short period of time if any of the funds are used. The initial amount of the operating reserve fund was set at \$750,000. The targeted goal of the operating reserve fund will be equal to a minimum of three months of average operating costs, which has been calculated to be approximately \$1 million.

**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

Bread & Life has net assets with donor restrictions that will be used in the future for the purpose of providing free nutritious meals to seniors in the community and for certain capital projects. Changes in net assets with donor restrictions for the years ended June 30 are summarized as follows:

	July 1, 2019	Additions	Released for Operations	June 30, 2020
Robin Hood Foundation	\$ 50,000	\$ 275,000	\$ (275,000)	\$ 50,000
Single Stop USA	35,000	100,000	(135,000)	-
Leona M. & Harry B. Helmsley Charitable Trust	40,865	-	(375)	40,490
H.W. Wilson Foundation	6	25,000	(6)	25,000
Porticus of North America	22,013	50,000	(72,013)	-
Judith White Foundation	12,650	34,100	(34,100)	12,650
NY City Trust	-	167,000	(92,778)	74,222
Hyde & Watson Foundation	-	15,000	(1,166)	13,834
Howard & Barbara Farkas Foundation, Inc.	-	15,000	-	15,000
Constans Culver Foundation	16,664	50,000	(45,827)	20,837
McInerney Family Foundation	6,095	-	(6,095)	-
Thomas & Paula McInerney	10,095	-	(6,020)	4,075
	<u>\$ 193,388</u>	<u>\$ 731,100</u>	<u>\$ (668,380)</u>	<u>\$ 256,108</u>
	July 1, 2018	Additions	Released for Operations	June 30, 2019
Robin Hood Foundation	\$ 81,250	\$ 275,000	\$ (306,250)	\$ 50,000
Single Stop USA	-	100,000	(65,000)	35,000
Leona M. & Harry B. Helmsley Charitable Trust	78,060	-	(37,195)	40,865
H.W. Wilson Foundation	-	25,000	(24,994)	6
Porticus of North America	91,038	-	(69,025)	22,013
Judith White Foundation	12,650	-	-	12,650
Sisters of Mercy of the Americas	10,000	-	(10,000)	-
Hyde & Watson Foundation	-	15,000	(15,000)	-
Constans Culver Foundation	-	50,000	(33,336)	16,664
McInerney Family Foundation	16,000	-	(9,905)	6,095
Thomas & Paula McInerney	20,000	-	(9,905)	10,095
	<u>\$ 308,998</u>	<u>\$ 465,000</u>	<u>\$ (580,610)</u>	<u>\$ 193,388</u>

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

For the years ended June 30, 2020 and 2019, net assets amounting to \$647,255 and \$580,610, respectively, were released from restrictions by either satisfying a donor restriction or the passage of time, thus satisfying the restricted purposes.

**NOTE 12 – CONCENTRATIONS**

Financial instruments that potentially subject Bread & Life to a concentration of credit risk include cash and cash equivalent accounts with various financial institutions that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. For the years ended June 30, 2020 and 2019, both interest-bearing and non-interest bearing accounts are insured up to \$250,000 per depositor. As of June 30, 2020 and 2019, Bread & Life exceeded the FDIC insurance limits by approximately \$1,960,000 and \$131,000, respectively. Management monitors its financial risks on a regular basis.

The Organization received approximately 18% and 34% of its total contributions from one major donor for the years ended June 30, 2020 and 2019, respectively.

**NOTE 13 – COVID-19 PANDEMIC**

In March 2020, the World Health Organization ("WHO") declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Organization's business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and restrictive measures taken to contain or prevent their further spread, among others. Accordingly, the Organization cannot predict the extent to which the financial condition and results of operations will be affected.

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events and transactions that occurred subsequent to the date of the statement of financial position through February 8, 2021, the date the financial statements were available to be issued.