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

Financial Statements
(Together with Independent Auditors’ Report)

Years Ended June 30, 2020 and 2019
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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

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents (Note 2C)</td>
<td>$2,206,548</td>
<td>$304,042</td>
</tr>
<tr>
<td>Contributions receivable (Notes 2G and 4)</td>
<td>49,200</td>
<td>105,700</td>
</tr>
<tr>
<td>Government contract receivable (Note 5)</td>
<td>140,039</td>
<td>90,370</td>
</tr>
<tr>
<td>Inventory (Note 2E)</td>
<td>63,104</td>
<td>35,102</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>118,060</td>
<td>73,655</td>
</tr>
<tr>
<td>Property and equipment, net (Notes 2F and 6)</td>
<td>4,854,648</td>
<td>5,170,016</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$7,431,599</strong></td>
<td><strong>$5,778,885</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$162,831</td>
<td>$184,925</td>
</tr>
<tr>
<td>Government contract advances (Note 2G)</td>
<td>50,518</td>
<td>-</td>
</tr>
<tr>
<td>PPP loan payable (Note 7)</td>
<td>359,955</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>573,304</td>
<td>184,925</td>
</tr>
</tbody>
</table>

COMMITMENTS AND CONTINGENCIES (Note 9)

<table>
<thead>
<tr>
<th>NET ASSETS (Note 2B)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Without donor restrictions (Notes 2B)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available for operations</td>
<td>5,852,187</td>
<td>5,400,572</td>
</tr>
<tr>
<td>Board-designated - Operating reserve (Notes 2B and 10)</td>
<td>750,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>6,602,187</strong></td>
<td><strong>5,400,572</strong></td>
</tr>
</tbody>
</table>

| With donor restrictions (Notes 2B and 11)   |           |            |
| Time restricted for future purposes         | 95,059    | 101,664    |
| Purpose restricted                          | 161,049   | 91,724     |
| **TOTAL**                                   | **256,108** | **193,388**  |

**TOTAL NET ASSETS**                         **6,858,295** | **5,593,960**

**TOTAL LIABILITIES AND NET ASSETS**        **$7,431,599** | **$5,778,885**

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

Without Donor Restrictions | With Donor Restrictions | Total 2020 | Without Donor Restrictions | With Donor Restrictions | Total 2019

OPERATING ACTIVITIES:
PUBLIC SUPPORT AND OTHER REVENUE:

Public Support:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total 2020</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>$1,583,158</td>
<td>$ -</td>
<td>$1,583,158</td>
<td>$1,418,565</td>
<td>$ -</td>
<td>$1,418,565</td>
</tr>
<tr>
<td>Foundations</td>
<td>1,279,701</td>
<td>731,100</td>
<td>2,010,801</td>
<td>468,650</td>
<td>465,000</td>
<td>933,650</td>
</tr>
<tr>
<td>Government</td>
<td>772,930</td>
<td>-</td>
<td>772,930</td>
<td>669,882</td>
<td>-</td>
<td>669,882</td>
</tr>
<tr>
<td>Religious Organizations</td>
<td>58,500</td>
<td>-</td>
<td>58,500</td>
<td>11,000</td>
<td>-</td>
<td>11,000</td>
</tr>
<tr>
<td>Special Events - net of direct expenses of $3,903 and $14,629 for 2020 and 2019, respectively</td>
<td>471,258</td>
<td>-</td>
<td>471,258</td>
<td>470,286</td>
<td>-</td>
<td>470,286</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>5,105</td>
<td>-</td>
<td>5,105</td>
<td>5,262</td>
<td>-</td>
<td>5,262</td>
</tr>
<tr>
<td>In-Kind Donations (Note 2H)</td>
<td>533,842</td>
<td>-</td>
<td>533,842</td>
<td>289,508</td>
<td>-</td>
<td>289,508</td>
</tr>
<tr>
<td>In-Kind Services (Note 2H)</td>
<td>36,000</td>
<td>-</td>
<td>36,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net assets released from restrictions (Note 11)</td>
<td>668,380 (668,380)</td>
<td>-</td>
<td>-</td>
<td>580,610 (580,610)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Public Support</strong></td>
<td><strong>5,448,238</strong></td>
<td><strong>62,720</strong></td>
<td><strong>5,510,958</strong></td>
<td><strong>3,957,158</strong></td>
<td><strong>115,610</strong></td>
<td><strong>3,841,548</strong></td>
</tr>
</tbody>
</table>

EXPENSES:

Operating Expenses:

Program services:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total 2020</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meals and nutrition</td>
<td>2,214,038</td>
<td>-</td>
<td>2,214,038</td>
<td>2,437,071</td>
<td>-</td>
<td>2,437,071</td>
</tr>
<tr>
<td>Social services</td>
<td>967,235</td>
<td>-</td>
<td>967,235</td>
<td>1,120,384</td>
<td>-</td>
<td>1,120,384</td>
</tr>
<tr>
<td><strong>Total Program Services</strong></td>
<td><strong>3,181,273</strong></td>
<td><strong>-</strong></td>
<td><strong>3,181,273</strong></td>
<td><strong>3,557,455</strong></td>
<td><strong>-</strong></td>
<td><strong>3,557,455</strong></td>
</tr>
</tbody>
</table>

Supporting services:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total 2020</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundraising</td>
<td>469,657</td>
<td>-</td>
<td>469,657</td>
<td>451,824</td>
<td>-</td>
<td>451,824</td>
</tr>
<tr>
<td>Management</td>
<td>595,693</td>
<td>-</td>
<td>595,693</td>
<td>330,728</td>
<td>-</td>
<td>330,728</td>
</tr>
<tr>
<td><strong>Total Supporting Services</strong></td>
<td><strong>1,065,350</strong></td>
<td><strong>-</strong></td>
<td><strong>1,065,350</strong></td>
<td><strong>782,552</strong></td>
<td><strong>-</strong></td>
<td><strong>782,552</strong></td>
</tr>
</tbody>
</table>

**Total Operating Expenses** | **4,246,623** | **-** | **4,246,623** | **4,340,007** | **-** | **4,340,007** |

CHANGES IN NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total 2020</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,201,615</td>
<td>62,720</td>
<td>1,264,335</td>
<td>(382,849)</td>
<td>(115,610)</td>
<td>(498,459)</td>
<td></td>
</tr>
</tbody>
</table>

**NET ASSETS - Beginning of Year** | **5,400,572** | **193,388** | **5,593,960** | **5,783,421** | **308,998** | **6,092,419** |

**NET ASSETS - END OF YEAR** | **$6,602,187** | **$256,108** | **$6,858,295** | **$5,400,572** | **$193,388** | **$5,593,960** |

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)

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Supporting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Meals and Social Program Services</strong></td>
<td><strong>Fundraising Services</strong></td>
</tr>
<tr>
<td>Salaries</td>
<td>$465,579</td>
</tr>
<tr>
<td>Payroll taxes and employee benefits (Note 8)</td>
<td>139,396</td>
</tr>
<tr>
<td><strong>Total Salaries and Related Costs</strong></td>
<td>604,975</td>
</tr>
<tr>
<td>Religious stipends</td>
<td>48,916</td>
</tr>
<tr>
<td>Volunteer expenses</td>
<td>3,687</td>
</tr>
<tr>
<td>Food purchases</td>
<td>695,094</td>
</tr>
<tr>
<td>Food purchases - In-kind</td>
<td>533,842</td>
</tr>
<tr>
<td>Products and supplies</td>
<td>67,953</td>
</tr>
<tr>
<td>Hygienic and baby supplies</td>
<td>-</td>
</tr>
<tr>
<td>Holiday toys and gifts</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous client assistance</td>
<td>-</td>
</tr>
<tr>
<td>Consultants and outside services</td>
<td>1,620</td>
</tr>
<tr>
<td>Professional fees - In-kind</td>
<td>-</td>
</tr>
<tr>
<td>Professional fees</td>
<td>13,108</td>
</tr>
<tr>
<td>Utilities</td>
<td>23,921</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>4,761</td>
</tr>
<tr>
<td>Insurance</td>
<td>45,715</td>
</tr>
<tr>
<td>Equipment rental (Note 9)</td>
<td>12,000</td>
</tr>
<tr>
<td>Stationery and printing</td>
<td>33</td>
</tr>
<tr>
<td>Telephone</td>
<td>5,658</td>
</tr>
<tr>
<td>Postage</td>
<td>108</td>
</tr>
<tr>
<td>Special events meals and facility expenses</td>
<td>-</td>
</tr>
<tr>
<td>Vehicle expense</td>
<td>22,606</td>
</tr>
<tr>
<td>Training and development</td>
<td>2,130</td>
</tr>
<tr>
<td>Dues, fees and subscriptions</td>
<td>2,931</td>
</tr>
<tr>
<td>Bank charges</td>
<td>78</td>
</tr>
<tr>
<td>Website development</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation (Notes 2F and 6)</td>
<td>124,902</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Other Expenses</strong></td>
<td>1,609,063</td>
</tr>
<tr>
<td>Less: direct benefits to donors recorded on the statement of activities</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$2,214,038</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Supporting Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Meals and Nutrition</strong></td>
<td><strong>Social Services</strong></td>
<td><strong>Total Program Services</strong></td>
</tr>
<tr>
<td>Salaries</td>
<td>$486,232</td>
<td>$544,041</td>
</tr>
<tr>
<td>Payroll taxes and employee benefits (Note 8)</td>
<td>142,508</td>
<td>134,377</td>
</tr>
<tr>
<td><strong>Total Salaries and Related Costs</strong></td>
<td>628,740</td>
<td>678,418</td>
</tr>
<tr>
<td>Religious stipends</td>
<td>62,319</td>
<td>82,407</td>
</tr>
<tr>
<td>Volunteer expenses</td>
<td>6,690</td>
<td>15,148</td>
</tr>
<tr>
<td>Food purchases</td>
<td>1,262,598</td>
<td>-</td>
</tr>
<tr>
<td>Products and supplies</td>
<td>70,030</td>
<td>20,976</td>
</tr>
<tr>
<td>Hygienic and baby supplies</td>
<td>-</td>
<td>10,148</td>
</tr>
<tr>
<td>Holiday toys and gifts</td>
<td>-</td>
<td>38,949</td>
</tr>
<tr>
<td>Miscellaneous client assistance</td>
<td>27</td>
<td>17,518</td>
</tr>
<tr>
<td>Consultants and outside services</td>
<td>2,238</td>
<td>20,904</td>
</tr>
<tr>
<td>Professional fees</td>
<td>71,740</td>
<td>88,948</td>
</tr>
<tr>
<td>Utilities</td>
<td>52,231</td>
<td>69,144</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>37,918</td>
<td>49,169</td>
</tr>
<tr>
<td>Insurance</td>
<td>34,165</td>
<td>37,570</td>
</tr>
<tr>
<td>Equipment rental (Note 9)</td>
<td>1,469</td>
<td>3,608</td>
</tr>
<tr>
<td>Stationery and printing</td>
<td>39</td>
<td>3,996</td>
</tr>
<tr>
<td>Telephone</td>
<td>5,212</td>
<td>13,702</td>
</tr>
<tr>
<td>Postage</td>
<td>156</td>
<td>1,099</td>
</tr>
<tr>
<td>Special events meals and facility expenses</td>
<td>-</td>
<td>1,455</td>
</tr>
<tr>
<td>Vehicle expense</td>
<td>12,274</td>
<td>14,423</td>
</tr>
<tr>
<td>Training and development</td>
<td>1,525</td>
<td>5,284</td>
</tr>
<tr>
<td>Dues, fees and subscriptions</td>
<td>3,356</td>
<td>16,959</td>
</tr>
<tr>
<td>Bank charges</td>
<td>417</td>
<td>46</td>
</tr>
<tr>
<td>Website development</td>
<td>405</td>
<td>870</td>
</tr>
<tr>
<td>Depreciation (Notes 2F and 6)</td>
<td>183,522</td>
<td>304,166</td>
</tr>
<tr>
<td><strong>Total Other Expenses</strong></td>
<td>1,808,331</td>
<td>441,966</td>
</tr>
</tbody>
</table>

Less: direct benefits to donors recorded on the statement of activities | - | - | - | (14,629) | - | (14,629) | (14,629) |

**Total Operating Expenses** | $2,437,071 | $1,120,384 | $3,557,455 | $451,824 | $330,728 | $782,552 | $4,340,007 |

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

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in net assets</td>
<td>$1,264,335</td>
<td>$(498,459)</td>
</tr>
<tr>
<td>Adjustments to reconcile changes in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>356,864</td>
<td>344,698</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>1,500</td>
<td>-</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>55,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Government receivable</td>
<td>(49,669)</td>
<td>184,026</td>
</tr>
<tr>
<td>Other receivables</td>
<td>-</td>
<td>1,970</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(44,405)</td>
<td>21,820</td>
</tr>
<tr>
<td>Inventory</td>
<td>(28,002)</td>
<td>26,716</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(22,094)</td>
<td>(16,643)</td>
</tr>
<tr>
<td>Government contract advances</td>
<td>50,518</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Operating Activities</strong></td>
<td>$1,584,047</td>
<td>$74,128</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from matured certificate of deposit</td>
<td>-</td>
<td>250,000</td>
</tr>
<tr>
<td>Additions to fixed assets</td>
<td>(41,496)</td>
<td>(98,663)</td>
</tr>
<tr>
<td><strong>Net Cash (Used In) Provided by Investing Activities</strong></td>
<td>(41,496)</td>
<td>151,337</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from PPP loan</td>
<td>359,955</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Financing Activities</strong></td>
<td>359,955</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET INCREASE IN CASH AND CASH EQUIVALENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents - beginning of year</td>
<td>304,042</td>
<td>78,577</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS - END OF YEAR</strong></td>
<td>$2,206,548</td>
<td>$304,042</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
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.
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 recognizes the support as without donor restrictions.

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.
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:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,206,548</td>
<td>$304,042</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>49,200</td>
<td>105,700</td>
</tr>
<tr>
<td>Government contract receivable</td>
<td>140,039</td>
<td>90,370</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,395,787</strong></td>
<td><strong>500,112</strong></td>
</tr>
</tbody>
</table>

Less: amounts with limits on usage

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board-designated operating reserve</td>
<td>(750,000)</td>
<td>-</td>
</tr>
<tr>
<td>Spendable net assets with donor restrictions</td>
<td>(256,108)</td>
<td>(193,388)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,389,679</strong></td>
<td><strong>$306,724</strong></td>
</tr>
</tbody>
</table>

The board-designated operating reserve may be drawn upon, if necessary, to meet unexpected liquidity needs.
NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable is as follows at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>$49,200</td>
<td>$105,700</td>
</tr>
<tr>
<td>One to five years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less: discount for net present value</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$49,200</td>
<td>$105,700</td>
</tr>
</tbody>
</table>

NOTE 5 – GOVERNMENT CONTRACT RECEIVABLE

Government contract receivable is as follows at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>NYS Office of Temporary &amp; Disability Assistance - Targeted SNAP Outreach Program</td>
<td>$94,660</td>
<td>$33,082</td>
</tr>
<tr>
<td>NYS Dept. of Health-Hunger Prevention and Nutrition Assistance Program - HPNAP Program</td>
<td>45,379</td>
<td>57,288</td>
</tr>
<tr>
<td></td>
<td>$140,039</td>
<td>$90,370</td>
</tr>
</tbody>
</table>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2021</td>
<td>$158,309</td>
</tr>
<tr>
<td>FY2022</td>
<td>201,646</td>
</tr>
<tr>
<td>Total</td>
<td>$359,955</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$1,020</td>
</tr>
</tbody>
</table>

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.
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:

<table>
<thead>
<tr>
<th>Foundation/Merger</th>
<th>July 1, 2018</th>
<th>Additions</th>
<th>Released for Operations</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robin Hood Foundation</td>
<td>81,250</td>
<td>$275,000</td>
<td>$ (306,250)</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>Single Stop USA</td>
<td>78,060</td>
<td>-</td>
<td>(37,195)</td>
<td>40,865</td>
</tr>
<tr>
<td>Leona M. &amp; Harry B. Helmsley Charitable Trust</td>
<td>-</td>
<td>25,000</td>
<td>(24,994)</td>
<td>6</td>
</tr>
<tr>
<td>Porticus of North America</td>
<td>91,038</td>
<td>-</td>
<td>(69,025)</td>
<td>22,013</td>
</tr>
<tr>
<td>Hyman White Foundation</td>
<td>-</td>
<td>15,000</td>
<td>(1,166)</td>
<td>13,834</td>
</tr>
<tr>
<td>Howard &amp; Barbara Farkas Foundation, Inc.</td>
<td>16,000</td>
<td>-</td>
<td>(9,905)</td>
<td>6,095</td>
</tr>
<tr>
<td>Thomas &amp; Paula McInerney</td>
<td>20,000</td>
<td>-</td>
<td>(9,905)</td>
<td>10,095</td>
</tr>
<tr>
<td>Sisters of Mercy of the Americas</td>
<td>10,000</td>
<td>-</td>
<td>(10,000)</td>
<td>-</td>
</tr>
<tr>
<td>Hyde &amp; Watson Foundation</td>
<td>10,000</td>
<td>-</td>
<td>(10,000)</td>
<td>-</td>
</tr>
<tr>
<td>Constans Culver Foundation</td>
<td>-</td>
<td>50,000</td>
<td>(33,336)</td>
<td>16,664</td>
</tr>
<tr>
<td>McInerney Family Foundation</td>
<td>16,000</td>
<td>-</td>
<td>(9,905)</td>
<td>6,095</td>
</tr>
<tr>
<td>Thomas &amp; Paula McInerney</td>
<td>20,000</td>
<td>-</td>
<td>(9,905)</td>
<td>10,095</td>
</tr>
</tbody>
</table>

| 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 |
| Constitans 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 |

$193,388 $731,100 $ (668,380) $256,108
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.