



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

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

Years Ended June 30, 2019 and 2018

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, 2019 AND 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2019, the Organization adopted Accounting Standards Update 2016-14, "Not-for-Profit Entities". Our opinion is not modified with respect to this matter.

Marks Paneth LLP

Purchase, New York
October 2, 2019

ST. JOHN'S BREAD AND LIFE PROGRAM, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents (Note 2C)	\$ 304,042	\$ 78,577
Certificate of deposit (Notes 2D and 6)	-	250,000
Contributions receivable (Notes 2H and 4)	105,700	115,700
Government receivable (Note 5)	90,370	274,396
Other receivables (Note 2E)	-	1,970
Inventory (Note 2F)	35,102	61,818
Prepaid expenses	73,655	95,475
Property and equipment, net (Notes 2G and 7)	<u>5,170,016</u>	<u>5,416,051</u>
TOTAL ASSETS	<u><u>\$ 5,778,885</u></u>	<u><u>\$ 6,293,987</u></u>
 LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 184,925</u>	<u>\$ 201,568</u>
TOTAL LIABILITIES	<u>184,925</u>	<u>201,568</u>
 COMMITMENTS AND CONTINGENCIES (Note 9)		
 NET ASSETS (Note 2B)		
Without donor restrictions (Notes 2B)		
Undesignated	<u>5,400,572</u>	<u>5,783,421</u>
With donor restrictions (Notes 2B and 10)		
Time restricted for future purposes	101,664	81,250
Purpose restricted	<u>91,724</u>	<u>227,748</u>
	<u>193,388</u>	<u>308,998</u>
TOTAL NET ASSETS	<u>5,593,960</u>	<u>6,092,419</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,778,885</u></u>	<u><u>\$ 6,293,987</u></u>

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, 2019 AND 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2018</u>
OPERATING ACTIVITIES:						
PUBLIC SUPPORT AND OTHER REVENUE:						
Public Support:						
Individuals	\$ 1,418,565	\$ -	\$ 1,418,565	\$ 1,119,035	\$ -	\$ 1,119,035
Corporations	43,395	-	43,395	30,850	-	30,850
Foundations	468,650	465,000	933,650	382,353	715,657	1,098,010
Government	669,882	-	669,882	726,332	-	726,332
Religious Organizations	11,000	-	11,000	14,000	-	14,000
Special Events	484,915	-	484,915	456,048	-	456,048
Miscellaneous	5,262	-	5,262	66,558	-	66,558
In-Kind Donations (Note 2I)	289,508	-	289,508	168,616	-	168,616
In-Kind Services (Note 2I)	-	-	-	22,494	-	22,494
Net assets released from restrictions (Note 10)	580,610	(580,610)	-	809,022	(809,022)	-
Total Public Support	<u>3,971,787</u>	<u>(115,610)</u>	<u>3,856,177</u>	<u>3,795,308</u>	<u>(93,365)</u>	<u>3,701,943</u>
EXPENSES:						
Operating Expenses:						
Program services						
Meals and nutrition	2,437,071	-	2,437,071	2,233,375	-	2,233,375
Social services	1,120,384	-	1,120,384	1,130,707	-	1,130,707
Total Program Services	<u>3,557,455</u>	<u>-</u>	<u>3,557,455</u>	<u>3,364,082</u>	<u>-</u>	<u>3,364,082</u>
Supporting services						
Cost of direct benefits to donors	14,629	-	14,629	25,080	-	25,080
Fundraising	451,824	-	451,824	539,790	-	539,790
Management	330,728	-	330,728	404,223	-	404,223
Total Supporting Services	<u>797,181</u>	<u>-</u>	<u>797,181</u>	<u>969,093</u>	<u>-</u>	<u>969,093</u>
Total Operating Expenses	<u>4,354,636</u>	<u>-</u>	<u>4,354,636</u>	<u>4,333,175</u>	<u>-</u>	<u>4,333,175</u>
CHANGE IN NET ASSETS	(382,849)	(115,610)	(498,459)	(537,867)	(93,365)	(631,232)
NET ASSETS - Beginning of Year	<u>5,783,421</u>	<u>308,998</u>	<u>6,092,419</u>	<u>6,321,288</u>	<u>402,363</u>	<u>6,723,651</u>
NET ASSETS - END OF YEAR	<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>

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
(With Comparative Totals for the Year Ended June 30, 2018)

	Program Services			Supporting Services			Total Supporting Services	Total	
	Meals and Nutrition	Social Services	Total Program Services	Cost of Direct Benefit to Donors	Fundraising	Management		2019	2018
Salaries	\$ 486,232	\$ 544,041	\$ 1,030,273	\$ -	\$ 271,681	\$ 132,988	\$ 404,669	\$ 1,434,942	\$ 1,576,738
Payroll taxes and employee benefits (Note 8)	142,508	134,377	276,885	-	44,775	27,580	72,355	349,240	365,423
Total Salaries and Related Costs	628,740	678,418	1,307,158	-	316,456	160,568	477,024	1,784,182	1,942,161
Religious stipends	62,319	82,407	144,726	-	6,776	33,640	40,416	185,142	155,560
Volunteer expenses	6,690	8,847	15,537	-	261	2,494	2,755	18,292	17,509
Food purchases	1,262,598	-	1,262,598	-	105	3,008	3,113	1,265,711	1,073,457
Products and supplies	70,030	20,976	91,006	-	3,913	2,729	6,642	97,648	117,361
Hygienic and baby supplies	-	10,148	10,148	-	-	-	-	10,148	12,882
Holiday toys and gifts	-	38,949	38,949	-	-	-	-	38,949	42,773
Tokens and miscellaneous/client asst.	27	17,518	17,545	-	7	10	17	17,562	22,238
Consultants and outside services	2,238	20,904	23,142	-	51,015	26,533	77,548	100,690	87,922
Professional fees	71,740	17,208	88,948	-	1,303	11,189	12,492	101,440	56,392
Utilities and parking	52,231	16,913	69,144	-	4,136	9,437	13,573	82,717	83,186
Repairs and maintenance	37,918	11,251	49,169	-	3,093	4,738	7,831	57,000	53,068
Insurance	34,165	37,570	71,735	-	6,309	25,562	31,871	103,606	114,336
Equipment rental (Note 9)	1,469	3,608	5,077	-	1,817	1,140	2,957	8,034	8,181
Office expense and supplies	-	-	-	-	-	-	-	-	4,449
Stationery and printing	39	3,957	3,996	-	39	39	78	4,074	9,918
Telephone	5,212	8,490	13,702	-	863	2,692	3,555	17,257	19,314
Postage	156	1,099	1,255	-	1,243	1,025	2,268	3,523	2,955
Special events meals and facility expenses	-	1,455	1,455	14,629	28,207	745	43,581	45,036	71,533
Vehicle expense	12,274	2,149	14,423	-	202	258	460	14,883	14,816
Training and development	1,525	3,759	5,284	-	797	3,390	4,187	9,471	9,719
Dues, fees and subscriptions	3,356	13,603	16,959	-	1,419	1,003	2,422	19,381	19,487
Bank charges	417	46	463	-	13	18,616	18,629	19,092	18,164
Website development	405	465	870	-	5,100	130	5,230	6,100	8,895
Depreciation (Notes 2G and 7)	183,522	120,644	304,166	-	18,750	21,782	40,532	344,698	359,739
Bad debt expense	-	-	-	-	-	-	-	-	6,624
Miscellaneous	-	-	-	-	-	-	-	-	536
Total Other Expenses	1,808,331	441,966	2,250,297	14,629	135,368	170,160	320,157	2,570,454	2,391,014
Total Operating Expenses	\$ 2,437,071	\$ 1,120,384	\$ 3,557,455	\$ 14,629	\$ 451,824	\$ 330,728	\$ 797,181	\$ 4,354,636	\$4,333,175

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, 2018

	Program Services			Supporting Services			Total 2018	
	Meals and Nutrition	Social Services	Total Program Services	Cost of Direct Benefit to Donors	Fundraising	Management		Total Supporting Services
Salaries	\$ 511,522	\$ 579,776	\$ 1,091,298	\$ -	\$ 301,697	\$ 183,743	\$ 485,440	\$ 1,576,738
Payroll taxes and employee benefits (Note 8)	148,026	131,061	279,087	-	56,173	30,163	86,336	365,423
Total Salaries and Related Costs	659,548	710,837	1,370,385	-	357,870	213,906	571,776	1,942,161
Religious stipends	45,634	53,710	99,344	-	18,674	37,542	56,216	155,560
Volunteer expenses	6,255	8,415	14,670	-	58	2,781	2,839	17,509
Food purchases	1,072,911	-	1,072,911	-	119	427	546	1,073,457
Products and supplies	65,732	41,218	106,950	-	5,371	5,040	10,411	117,361
Hygienic and baby supplies	10	12,872	12,882	-	-	-	-	12,882
Holiday toys and gifts	-	42,773	42,773	-	-	-	-	42,773
Tokens and miscellaneous/client asst.	311	21,663	21,974	-	9	255	264	22,238
Consultants and outside services	8,986	8,636	17,622	-	53,839	16,461	70,300	87,922
Professional fees	6,988	4,661	11,649	-	7,391	37,352	44,743	56,392
Utilities and parking	54,126	16,527	70,653	-	4,159	8,374	12,533	83,186
Repairs and maintenance	33,709	9,463	43,172	-	6,056	3,840	9,896	53,068
Insurance	41,231	40,579	81,810	-	7,481	25,045	32,526	114,336
Equipment rental (Note 9)	780	3,359	4,139	-	2,963	1,079	4,042	8,181
Office expense and supplies	4,449	-	4,449	-	-	-	-	4,449
Stationery and printing	55	6,593	6,648	-	3,215	55	3,270	9,918
Telephone	5,544	9,606	15,150	-	1,158	3,006	4,164	19,314
Postage	149	650	799	-	1,181	975	2,156	2,955
Special events meals and facility expenses	-	-	-	25,080	46,203	250	71,533	71,533
Vehicle expense	12,845	1,717	14,562	-	127	127	254	14,816
Training and development	2,038	2,760	4,798	-	1,704	3,217	4,921	9,719
Dues, fees and subscriptions	2,361	14,686	17,047	-	1,193	1,247	2,440	19,487
Bank charges	3	14	17	-	10	18,137	18,147	18,164
Website development	830	2,355	3,185	-	4,455	1,255	5,710	8,895
Depreciation (Notes 2G and 7)	208,880	117,613	326,493	-	16,554	16,692	33,246	359,739
Bad debt expense	-	-	-	-	-	6,624	6,624	6,624
Miscellaneous	-	-	-	-	-	536	536	536
Total Other Expenses	1,573,827	419,870	1,993,697	25,080	181,920	190,317	397,317	2,391,014
Total Operating Expenses	\$ 2,233,375	\$ 1,130,707	\$ 3,364,082	\$ 25,080	\$ 539,790	\$ 404,223	\$ 969,093	\$ 4,333,175

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, 2018 AND 2017

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (498,459)	\$ (631,232)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt expense	-	6,624
Depreciation	344,698	359,739
Changes in operating assets and liabilities:		
Contributions receivable	10,000	76,864
Government receivable	184,026	(59,215)
Other receivables	1,970	3,620
Prepaid expenses	21,820	12,879
Inventory	26,716	15,903
Accounts payable and accrued expenses	(16,643)	(7,823)
	74,128	(222,641)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from matured certificate of deposit	250,000	-
Additions to fixed assets	(98,663)	(131,318)
	151,337	(131,318)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	225,465	(353,959)
Cash and cash equivalents - beginning of year	78,577	432,536
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 304,042	\$ 78,577

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

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 restriction 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 restriction 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, 2019.
- 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. ***Investments and Fair Value Measurements*** – Investments are carried at fair value as determined in Note 6. Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 6.
- E. ***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, 2019 and 2018.
- F. ***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.
- G. ***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.

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- H. **Recognition of Support** – Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Contributions with purpose or time restrictions that are not met in the same reporting period as received are reported as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the purpose or time restrictions are met.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value. Contributions expected to be received after one year are discounted at a risk-adjusted rate of return. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contribution.

- I. **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, 2019 and 2018 amounted to \$289,508 and \$168,616, respectively.

In-Kind professional services for the years ended June 30, 2019 and 2018 amounted to \$0 and \$22,494, respectively.

- J. **Functional Allocation of Expenses** – The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents 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.

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.

- K. **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.

- L. **Recently Enacted Accounting Standards** – Financial Accounting Standards Update (“ASU”) 2016-14, “Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities” was adopted for the year ended June 30, 2019. ASU 2016-14 provides for a number of changes, including the presentation of two classes of net assets and enhanced disclosure on liquid resources and expense allocation. These changes had no impact on the change in net assets for the year ended June 30, 2019. Net assets as of June 30, 2018 were reclassified to conform to the new presentation.

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Financial Accounting Standards Board (“FASB”) has issued standards that the Organization must consider for adoption over the next two years. Those standards include the following: 1) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made effective for the year ended June 30, 2020, which aims to assist entities in evaluating whether contributions should be accounted for as contributions or exchange transactions and determination as to whether a contribution is conditional, and 2) Leases, effective for the year ended June 30, 2021, which aims to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position, and disclosing key information about leasing arrangements. The Organization is currently evaluating the impact of the adoption of these standards on its financial statements.

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.

As of June 30, 2019, Bread & Life’s financial assets available for general expenditure, and available to the Organization over the next twelve months, that is, without donor or other restrictions that limit their use, within one year of the statement of financial position, comprise the following:

Cash and cash equivalents	\$ 304,042
Contributions receivable	105,700
Government receivable	90,370
	<u>500,112</u>
Less: spendable net assets with donor restrictions	<u>(193,388)</u>
	<u><u>\$ 306,724</u></u>

NOTE 4 – CONTRIBUTIONS RECEIVABLE

At June 30, 2019 and 2018, contributions receivable is as follows:

	2019	2018
Amounts expected to be collected in:		
Less than one year	\$ 105,700	\$ 115,700
One to five years	-	-
	<u>105,700</u>	<u>115,700</u>
Less: discount for net present value	-	-
	<u><u>\$ 105,700</u></u>	<u><u>\$ 115,700</u></u>

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 5 – GOVERNMENT RECEIVABLE

At June 30, 2019 and 2018, government receivable is as follows:

	2019	2018
NYS Office of Temporary & Disability Assistance - Targeted SNAP Outreach Program	\$ 33,082	\$ 33,354
Dormitory Authority of the State of New York - Non Profit Infrastructure Capital Investment Program	-	99,630
New York Human Resources Administration	-	60,000
NYS Office of Temporary & Disability Assistance - Targeted Assistance Program	57,288	81,412
	\$ 90,370	\$ 274,396

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value hierarchy defines three levels as follows:

- Level 1 – Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2 - Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Certificate of Deposits are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer. As such, Certificates of Deposit are designated as Level 2. The Organization did not hold any Level 3 financial instruments as of June 30, 2019 and 2018.

The Organization's policy is to recognize transfers into and out of levels as of the date of the transaction or change in circumstances that caused the transfer. For the years June 30, 2019 and 2018, there were no transfers.

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Financial assets carried at fair value at June 30, 2019 and 2018 are classified in the table in one of the three levels as follows:

	Level 2	
	2019	2018
Certificate of deposit	\$ -	\$ 250,000

The certificate of deposit matured on August 6, 2018 and the proceeds were not reinvested.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2019 and 2018:

	2019	2018
Land	\$ 987,533	\$ 987,533
Building	1,764,030	1,764,030
Building improvement	5,096,617	5,089,564
Furniture and equipment	1,251,723	1,160,113
Total property and equipment	9,099,903	9,001,240
Less: accumulated depreciation	(3,929,887)	(3,585,189)
Total property and equipment, net	\$ 5,170,016	\$ 5,416,051

Depreciation expense for fiscal years ended June 30, 2019 and 2018 was \$344,698 and \$359,739, respectively.

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 \$28,271 and \$31,380 for the years ended June 30, 2019 and 2018, 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, 2019 are as follows:

2020	\$ 6,861
2021	1,020
	\$ 7,881

Equipment rental expense amounted to \$8,034 and \$8,181 for the years ended June 30, 2019 and 2018, respectively.

Bread & Life believes it has no uncertain tax positions as of June 30, 2019 and 2018 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
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NOTE 10 – 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, 2019 and 2018 are summarized as follows:

	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
Ponticus 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>
	July 1, 2017	Additions	Released for Operations	June 30, 2018
Robin Hood Foundation	\$ 87,500	\$ 325,000	\$ (331,250)	\$ 81,250
Single Stop USA	25,000	100,000	(125,000)	-
Leona M. & Harry B. Helmsley Charitable Trust	95,113	74,257	(91,310)	78,060
H.W. Wilson Foundation	25,000	-	(25,000)	-
Ponticus of North America	139,980	-	(48,942)	91,038
Lily Auchincloss Foundation	20,000	-	(20,000)	-
Raskob	-	20,000	(20,000)	-
Judith White Foundation	-	123,400	(110,750)	12,650
The Pret Foundation	9,770	-	(9,770)	-
Charles L. Keith/Clara S. Miller Fdn.	-	17,000	(17,000)	-
Frank J. Antun Foundation	-	10,000	(10,000)	-
Sisters of Mercy of the Americas	-	10,000	-	10,000
McInerney Family Foundation	-	16,000	-	16,000
Thomas & Paula McInerney	-	20,000	-	20,000
	<u>\$ 402,363</u>	<u>\$ 715,657</u>	<u>\$ (809,022)</u>	<u>\$ 308,998</u>

For the years ended June 30, 2019 and 2018, net assets amounting to \$580,610 and \$809,022, respectively, were released from restrictions by either satisfying a donor restriction or the passage of time, thus satisfying the restricted purposes.

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 11 – 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, 2019 and 2018, both interest-bearing and non-interest bearing accounts are insured up to \$250,000 per depositor. As of June 30, 2019 and 2018, Bread & Life exceeded the FDIC insurance limits by approximately \$131,000 and \$137,000, respectively. Management monitors its financial risks on a regular basis.

The Organization received approximately 34% and 24% of its total contributions from one major donor for the years ended June 30, 2019 and 2018, respectively.

NOTE 12 – 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 October 2, 2019, the date the financial statements were available to be issued.