



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

Financial Statements
(Together with Independent Auditors' Report)

Years Ended June 30, 2023 and 2022



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

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

YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the 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, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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.

Basis for Opinion

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

Change in Accounting Principle

As discussed in Note 2L to the financial statements, the Organization changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, Leases, effective July 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Mayer Roffman McCann CPAs

Purchase, New York
January 31, 2024

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 4,534,766	\$ 3,874,948
Contributions receivable	-	70,000
Government contract receivable	105,038	47,854
Inventory	289,755	124,871
Prepaid expenses	75,181	100,682
Property and equipment, net	4,022,009	4,250,963
Operating lease right-of-use asset	12,728	-
TOTAL ASSETS	<u><u>\$ 9,039,477</u></u>	<u><u>\$ 8,469,318</u></u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 387,119	\$ 357,884
Operating lease liability	12,728	-
TOTAL LIABILITIES	<u>399,847</u>	<u>357,884</u>
 COMMITMENTS AND CONTINGENCIES		
 NET ASSETS		
Without donor restrictions		
Available for operations	7,104,957	6,770,406
Board-designated - Operating reserve	1,509,673	1,300,538
	<u>8,614,630</u>	<u>8,070,944</u>
With donor restrictions		
Purpose restricted	25,000	40,490
	<u>25,000</u>	<u>40,490</u>
TOTAL NET ASSETS	<u>8,639,630</u>	<u>8,111,434</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 9,039,477</u></u>	<u><u>\$ 8,469,318</u></u>

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

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2023</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>
OPERATING ACTIVITIES:						
PUBLIC SUPPORT AND OTHER REVENUE:						
Public Support:						
Individuals	\$ 1,332,331	\$ -	\$ 1,332,331	\$ 1,272,087	\$ -	\$ 1,272,087
Corporations	128,630	-	128,630	48,465	-	48,465
Foundations	812,212	1,535,500	2,347,712	1,284,035	924,650	2,208,685
Government	2,133,140	-	2,133,140	2,024,484	-	2,024,484
Religious Organizations	50,000	-	50,000	20,000	-	20,000
Special Events - net of direct expenses of \$46,354 and \$29,452 for 2023 and 2022, respectively	380,461	-	380,461	416,345	-	416,345
Interest Income	41,912	-	41,912	-	-	-
Miscellaneous	29,771	-	29,771	15,071	-	15,071
In-Kind Donations	1,099,368	-	1,099,368	869,207	-	869,207
Net assets released from restrictions	1,550,990	(1,550,990)	-	1,426,582	(1,426,582)	-
Total Public Support	<u>7,558,815</u>	<u>(15,490)</u>	<u>7,543,325</u>	<u>7,376,276</u>	<u>(501,932)</u>	<u>6,874,344</u>
EXPENSES:						
Operating Expenses:						
Program Services						
Meals and Nutrition	5,328,729	-	5,328,729	5,277,026	-	5,277,026
Social Services	627,823	-	627,823	602,681	-	602,681
Total Program Services	<u>5,956,552</u>	<u>-</u>	<u>5,956,552</u>	<u>5,879,707</u>	<u>-</u>	<u>5,879,707</u>
Supporting services						
Fundraising	406,348	-	406,348	350,076	-	350,076
Management	652,229	-	652,229	594,656	-	594,656
Total Supporting Services	<u>1,058,577</u>	<u>-</u>	<u>1,058,577</u>	<u>944,732</u>	<u>-</u>	<u>944,732</u>
Total Operating Expenses	<u>7,015,129</u>	<u>-</u>	<u>7,015,129</u>	<u>6,824,439</u>	<u>-</u>	<u>6,824,439</u>
CHANGES IN NET ASSETS	543,686	(15,490)	528,196	551,837	(501,932)	49,905
NET ASSETS - Beginning of Year	<u>8,070,944</u>	<u>40,490</u>	<u>8,111,434</u>	<u>7,519,107</u>	<u>542,422</u>	<u>8,061,529</u>
NET ASSETS - END OF YEAR	<u>\$ 8,614,630</u>	<u>\$ 25,000</u>	<u>\$ 8,639,630</u>	<u>\$ 8,070,944</u>	<u>\$ 40,490</u>	<u>\$ 8,111,434</u>

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

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Program Services			Supporting Services			Total	
	Meals and Nutrition	Social Services	Total Program Services	Fundraising	Management	Total Supporting Services	2023	2022
							2023	2022
Salaries	\$ 889,540	\$ 246,124	\$ 1,135,664	\$ 192,852	\$ 251,471	\$ 444,323	\$ 1,579,987	\$ 1,479,509
Payroll taxes and employee benefits	348,856	70,283	419,139	36,712	39,808	76,520	495,659	448,768
Total Salaries and Related Costs	1,238,396	316,407	1,554,803	229,564	291,279	520,843	2,075,646	1,928,277
Religious stipends	80,746	52,533	133,279	34,757	76,059	110,816	244,094	233,870
Volunteer expenses	2,599	1,877	4,476	57	592	649	5,125	7,410
Food purchases	2,325,540	28,885	2,354,425	-	-	-	2,354,425	2,727,240
Food purchases - In-kind	1,099,368	-	1,099,368	-	-	-	1,099,368	869,207
Products and supplies	107,480	8,833	116,313	11,695	8,204	19,899	136,212	69,575
Holiday toys and gifts	-	40,000	40,000	-	-	-	40,000	27,250
Consultants and outside services	21,445	10,168	31,613	56,368	10,168	66,536	98,149	72,013
Professional fees	1,698	3,888	5,586	1,296	85,958	87,254	92,840	111,836
Rent and utilities	44,375	17,209	61,584	4,302	25,814	30,116	91,700	71,194
Repairs and maintenance	17,066	15,078	32,144	5,855	7,661	13,516	45,660	41,554
Insurance	69,432	35,149	104,581	9,122	34,204	43,326	147,907	167,173
Equipment rental	58,504	13,032	71,536	9,977	11,362	21,339	92,875	23,960
Stationery and printing	-	-	-	-	-	-	-	1,773
Telephone	10,294	3,933	14,227	1,548	6,479	8,027	22,254	20,351
Postage	899	367	1,266	1,006	602	1,608	2,874	5,945
Special events meals and facility expenses	12,994	854	13,848	46,354	1,832	48,186	62,034	32,652
Vehicle expense	17,478	254	17,732	9	9	18	17,750	4,698
Training and development	6,757	1,993	8,750	1,281	2,392	3,673	12,423	10,645
Dues, fees and subscriptions	19,587	1,433	21,020	1,237	3,735	4,972	25,992	42,348
Bank charges	2,988	-	2,988	309	9,949	10,258	13,246	18,218
Website development	-	-	-	-	-	-	-	466
Depreciation	191,083	75,930	267,013	37,965	75,930	113,895	380,909	366,236
Total Other Expenses	4,090,333	311,416	4,401,749	223,138	360,950	584,088	4,985,838	4,925,614
Less: direct benefits to donors recorded on the statement of activities	-	-	-	(46,354)	-	(46,354)	(46,354)	(29,452)
Total Operating Expenses	\$ 5,328,729	\$ 627,823	\$ 5,956,552	\$ 406,348	\$ 652,229	\$ 1,058,577	\$ 7,015,130	\$ 6,824,439

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

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services			Total
	Meals and Nutrition	Social Services	Total Program Services	Fundraising	Management	Total Supporting Services	
Salaries	\$ 855,956	\$ 254,335	\$ 1,110,291	\$ 153,870	\$ 215,348	\$ 369,218	\$ 1,479,509
Payroll taxes and employee benefits	282,676	77,170	359,846	34,976	53,946	88,922	448,768
Total Salaries and Related Costs	<u>1,138,632</u>	<u>331,505</u>	<u>1,470,137</u>	<u>188,846</u>	<u>269,294</u>	<u>458,140</u>	<u>1,928,277</u>
Religious stipends	77,303	50,693	127,996	33,121	72,753	105,874	233,870
Volunteer expenses	3,725	2,648	6,373	79	958	1,037	7,410
Food purchases	2,717,555	9,685	2,727,240	-	-	-	2,727,240
Food purchases - In-kind	869,207	-	869,207	-	-	-	869,207
Products and supplies	59,491	3,334	62,825	3,108	3,642	6,750	69,575
Holiday toys and gifts	-	27,250	27,250	-	-	-	27,250
Consultants and outside services	22,873	145	23,018	48,850	145	48,995	72,013
Professional fees	32,922	3,653	36,575	1,218	74,043	75,261	111,836
Rent and utilities	32,587	14,039	46,626	3,510	21,058	24,568	71,194
Repairs and maintenance	17,602	9,541	27,143	7,370	7,041	14,411	41,554
Insurance	68,215	45,654	113,869	15,901	37,403	53,304	167,173
Equipment rental	11,399	2,544	13,943	4,544	5,473	10,017	23,960
Stationery and printing	127	166	293	1,314	166	1,480	1,773
Telephone	3,162	9,262	12,424	960	6,967	7,927	20,351
Postage	330	1,057	1,387	3,108	1,450	4,558	5,945
Special events meals and facility expenses	-	-	-	29,452	3,200	32,652	32,652
Vehicle expense	4,644	-	4,644	27	27	54	4,698
Training and development	3,752	3,752	7,504	912	2,229	3,141	10,645
Dues, fees and subscriptions	18,729	19,108	37,837	2,419	2,092	4,511	42,348
Bank charges	148	-	148	-	18,070	18,070	18,218
Website development	-	-	-	466	-	466	466
Depreciation	194,623	68,645	263,268	34,323	68,645	102,968	366,236
Total Other Expenses	<u>4,138,394</u>	<u>271,176</u>	<u>4,409,570</u>	<u>190,682</u>	<u>325,362</u>	<u>516,044</u>	<u>4,925,614</u>
Less: direct benefits to donors recorded on the statement of activities	-	-	-	(29,452)	-	(29,452)	(29,452)
Total Operating Expenses	<u>\$ 5,277,026</u>	<u>\$ 602,681</u>	<u>\$ 5,879,707</u>	<u>\$ 350,076</u>	<u>\$ 594,656</u>	<u>\$ 944,732</u>	<u>\$ 6,824,439</u>

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

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 528,196	\$ 49,905
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	380,909	366,236
Amortization of operating lease right-of-use asset	5,891	-
Changes in operating assets and liabilities:		
Contributions receivable	70,000	205,000
Government contract receivable	(57,184)	(19,753)
Prepaid expenses	25,501	(20,361)
Inventory	(164,884)	(40,813)
Accounts payable and accrued expenses	29,235	110,817
Operating lease liability	(5,891)	-
	811,773	651,031
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to fixed assets	(151,955)	(14,391)
	(151,955)	(14,391)
NET INCREASE IN CASH AND CASH EQUIVALENTS	659,818	636,640
Cash and cash equivalents - beginning of year	3,874,948	3,238,308
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,534,766	\$ 3,874,948

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

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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 18,000 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, 2023.
- C. ***Cash and Cash Equivalents*** – Bread & Life considers all highly liquid debt instruments purchased with an original maturity date of three months or less when purchased 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, 2023 and 2022.
- E. ***Inventory*** – Inventory consists of food and related household items and is recorded at lower of cost or net realizable value 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.

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.

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 \$2,133,140 and \$2,024,484 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022 there were no advances from government contracts.

As of June 30, 2023, the Organization received one conditional grant and contract from government agencies for a total of \$644,763. Such grants would not be 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 Organization may be required to return the funds already remitted. There were no conditional grants as of June 30, 2022.

- 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.

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salary and benefit expenses are allocated according to the department employees work in. Other expenses such as religious stipends, consultants and outside services, rent and utilities, repairs and maintenance, equipment rental, depreciation and insurance are tracked by account across functions. The direct costs of special events include expenses for the benefit of the donors.
- 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. **Income Taxes** – Bread & Life evaluates all significant tax positions in accordance with accounting principles generally accepted in the United States of America. As of June 30, 2023, Bread & Life does not believe that it has taken any positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year.
- L. **Recently Adopted Accounting Guidance** – In February 2016, the FASB issued guidance, ASC 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) using a modified retrospective approach, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for the existing operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The Organization also elected two other available practical expedients. The Organization elected to use a risk-free discount rate for the initial and subsequent measurement of the lease liability when the rate implicit in the lease is not readily available. The Organization also elected to exclude leases that, at inception, have a lease term of 12 months or less from recognition on the statement of financial position. The related rent payments on these leases are expensed as incurred.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022, a lease liability of \$18,619, which represents the present value of the remaining operating lease payments of \$19,425, discounted using a weighted-average risk-free rate of 2.88%, and an ROU asset of \$18,619.

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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:

	2023	2022
Cash and cash equivalents	\$ 4,534,766	\$ 3,874,948
Contributions receivable	-	70,000
Government contract receivable	105,038	47,854
	4,639,804	3,992,802
Less: amounts with limits on usage		
Board-designated operating reserve	(1,509,673)	(1,300,538)
Spendable net assets with donor restrictions	(25,000)	(40,490)
	\$ 3,105,131	\$ 2,651,774

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:

	2023	2022
Amounts expected to be collected in:		
Less than one year	\$ -	\$ 70,000

NOTE 5 – GOVERNMENT CONTRACT RECEIVABLE

Government contract receivable is as follows at June 30:

	2023	2022
NYS Dept. of Health-Hunger Prevention and Nutrition Assistance Program - HPNAP Program	\$ -	\$ 47,854
Office of Temporary & Disability Assistance	105,038	-
Total	\$ 105,038	\$ 47,854

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
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NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2023	2022
Land	\$ 987,533	\$ 987,533
Building	1,764,030	1,764,030
Building improvement	5,180,263	5,180,263
Furniture and equipment	1,486,918	1,334,963
Total property and equipment	9,418,744	9,266,789
Less: accumulated depreciation	(5,396,735)	(5,015,826)
Total property and equipment, net	\$ 4,022,009	\$ 4,250,963

Depreciation expense for fiscal years ended June 30, 2023 and 2022 was \$380,909 and \$366,236, respectively.

NOTE 7 – EMPLOYEE BENEFIT PLAN

Bread & Life has established a defined contribution salary deferral 403(b) plan covering substantially all eligible employees. Employer contributions amounted to \$32,648 and \$34,223 for the years ended June 30, 2023 and 2022, respectively.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

As disclosed in Note 2L, the Organization adopted FASB ASC 842 *Leases*. The Organization's lease was accounted for retrospectively at the beginning of the period of adoption (July 1, 2022) through a cumulative-effect adjustment. As a result, adopting FASB ASC 842 had no impact on the 2022 financial statements. Bread & Life leases equipment under two operating leases that expire variably through 2026.

Maturities of operating lease liabilities were as follows as of June 30, 2023:

2024	\$ 6,300
2025	6,300
2026	525
Total minimum lease payments	13,125
Less: amount representing interest	(397)
Total lease liabilities	12,728

Equipment rental expense amounted to \$92,875 and \$23,960 for the years ended June 30, 2023 and 2022, respectively.

NOTE 9 – CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets without donor restrictions recognized within the statement of activities included food in the amount of \$1,099,368 and \$869,207, respectively. The Organization recognized the contributed nonfinancial assets within revenue.

ST. JOHN'S BREAD & LIFE PROGRAM, INC.
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NOTE 9 – CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

Contributed food was utilized for the Organization's programs. In valuing food, the Organization estimated the fair value based on estimates of wholesale values that would be received for selling similar products in the United States.

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 \$1.5 million. As of June 30, 2023 and 2022, the Board designated net assets were \$1,509,673 and \$1,300,538, respectively.

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:

	<u>July 1,</u> <u>2022</u>	<u>Additions</u>	<u>Released from</u> <u>Restrictions</u>	<u>June 30,</u> <u>2023</u>
Leona M. & Harry B. Helmsley Charitable Trust	\$ 40,490	\$ -	\$ (40,490)	\$ -
Mother Cabrini Health Foundation	-	1,000,000	(1,000,000)	-
Robin Hood Foundation	-	375,000	(350,000)	25,000
Constans Culver Foundation	-	75,500	(75,500)	-
Hyde and Watson Foundation	-	10,000	(10,000)	-
Amazon - Emergency Food	-	25,000	(25,000)	-
United Way of NYC	-	50,000	(50,000)	-
	<u>\$ 40,490</u>	<u>\$ 1,535,500</u>	<u>\$ (1,550,990)</u>	<u>\$ 25,000</u>
	<u>July 1,</u> <u>2021</u>	<u>Additions</u>	<u>Released from</u> <u>Restrictions</u>	<u>June 30,</u> <u>2022</u>
NY Mets Foundation	\$ -	\$ 15,000	\$ (15,000)	\$ -
Leona M. & Harry B. Helmsley Charitable Trust	40,490	-	-	40,490
Mother Cabrini Health Foundation	441,932	650,000	(1,091,932)	-
Judith White Foundation	-	19,650	(19,650)	-
Food Bank NY	-	25,000	(25,000)	-
Robin Hood Foundation	-	175,000	(175,000)	-
Clara Miller Foundation	-	20,000	(20,000)	-
Constans Culver Foundation	60,000	-	(60,000)	-
Sisters of Charity	-	20,000	(20,000)	-
	<u>\$ 542,422</u>	<u>\$ 924,650</u>	<u>\$ (1,426,582)</u>	<u>\$ 40,490</u>

For the years ended June 30, 2023 and 2022, net assets amounting to \$1,550,990 and \$1,426,582, 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.
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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, 2023 and 2022, both interest-bearing and non-interest bearing accounts are insured up to \$250,000 per depositor. As of June 30, 2023 and 2022, Bread & Life exceeded the FDIC insurance limits by approximately \$2,729,000 and \$3,610,000, respectively. Management monitors its financial risks on a regular basis.

The Organization received approximately 13% and 9% of its total contributions from one major donor for the years ended June 30, 2023 and 2022, respectively.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of statement of financial position through January 31, 2024, the date the financial statements were available to be issued.