



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

Financial Statements  
(Together with Independent Auditors' Report)

Year Ended June 30, 2011

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

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

**YEAR ENDED JUNE 30, 2011  
(With Comparative Totals for June 30, 2010)**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
St. John's Bread & Life Program, Inc.  
Brooklyn, NY

We have audited the accompanying statement of financial position of St. John's Bread & Life Program, Inc. ("Bread & Life") as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Bread & Life's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Bread & Life's 2010 financial statements. The financial statements, as of and for the year ended June 30, 2010, were audited by another firm, and whose report dated August 18, 2010, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audit to obtain reasonable assurances about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. John's Bread & Life Program, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Marks Paneth & Shron LLP*

New York, New York  
September 26, 2011

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2011**  
**(With Comparative Totals for June 30, 2010)**

	<b>2011</b>	<b>2010</b>
<b>ASSETS</b>		
Cash and cash equivalents (Note 2E)	\$ 688,043	\$ 464,394
Contributions receivable (Note 3)	269,278	307,993
Prepaid expenses	19,516	18,452
Inventory (Note 2F)	19,326	13,372
Property and equipment, net (Notes 2G, 4)	6,513,068	6,848,640
Issuance costs - NMTC Loans, net (Note 5)	321,327	330,011
<b>TOTAL ASSETS</b>	<b>\$ 7,830,558</b>	<b>\$ 7,982,862</b>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 139,520	\$ 81,763
Interest payable	144,658	95,061
Loan payable - LIIF Loan A (Note 6)	4,870,600	4,870,600
Loan payable - LIIF Loan B (Note 6)	1,919,400	1,919,400
<b>TOTAL LIABILITIES</b>	<b>7,074,178</b>	<b>6,966,824</b>
 <b>COMMITMENTS AND CONTINGENCIES</b> (Notes 6, 8)		
 <b>NET ASSETS</b> (Note 2B)		
Unrestricted	369,713	791,871
Temporarily restricted (Note 9)	386,667	224,167
<b>TOTAL NET ASSETS</b>	<b>756,380</b>	<b>1,016,038</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,830,558</b>	<b>\$ 7,982,862</b>

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

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Totals for Year Ended June 30, 2010)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2011</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2010</u>
<b>OPERATING ACTIVITIES:</b>						
<b>PUBLIC SUPPORT AND OTHER REVENUE:</b>						
Public Support:						
Individuals	\$ 970,908	\$ 100,000	\$ 1,070,908	\$ 315,046	\$ -	\$ 315,046
Corporations	27,202	-	27,202	52,412	-	52,412
Foundations	640,068	226,667	866,735	598,333	224,167	822,500
Government	279,657	-	279,657	423,648	-	423,648
Religious Organizations	5,000	-	5,000	16,000	-	16,000
Special Events	153,925	-	153,925	211,355	-	211,355
Miscellaneous	9,880	-	9,880	7,810	-	7,810
In-kind Contributions (Note 21)	112,183	-	112,183	120,853	-	120,853
Capital Campaign	-	-	-	1,579,884	-	1,579,884
Net assets released from restrictions (Note 9)	164,167	(164,167)	-	200,417	(200,417)	-
Total Public Support	<u>2,362,990</u>	<u>162,500</u>	<u>2,525,490</u>	<u>3,525,758</u>	<u>23,750</u>	<u>3,549,508</u>
<b>EXPENSES:</b>						
Operating Expenses:						
Program services						
Meals and nutrition	1,316,898	-	1,316,898	1,512,305	-	1,512,305
Social services	984,648	-	984,648	816,091	-	816,091
Total Program Services	<u>2,301,546</u>	<u>-</u>	<u>2,301,546</u>	<u>2,328,396</u>	<u>-</u>	<u>2,328,396</u>
Supporting services						
Fundraising	266,506	-	266,506	349,637	-	349,637
Management	217,202	-	217,202	218,658	-	218,658
Total Supporting Services	<u>483,708</u>	<u>-</u>	<u>483,708</u>	<u>568,295</u>	<u>-</u>	<u>568,295</u>
Total Operating Expenses	<u>2,785,254</u>	<u>-</u>	<u>2,785,254</u>	<u>2,896,691</u>	<u>-</u>	<u>2,896,691</u>
<b>Operating revenue (under) over operating expenses</b>	(422,264)	162,500	(259,764)	629,067	23,750	652,817
Non operating Revenue:						
Interest and dividend income	106	-	106	184	-	184
Total Non Operating Revenue	<u>106</u>	<u>-</u>	<u>106</u>	<u>184</u>	<u>-</u>	<u>184</u>
<b>CHANGE IN NET ASSETS</b>	(422,158)	162,500	(259,658)	629,251	23,750	653,001
<b>NET ASSETS - Beginning of Year</b>	<u>791,871</u>	<u>224,167</u>	<u>1,016,038</u>	<u>162,620</u>	<u>200,417</u>	<u>363,037</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 369,713</u>	<u>\$ 386,667</u>	<u>\$ 756,380</u>	<u>\$ 791,871</u>	<u>\$ 224,167</u>	<u>\$ 1,016,038</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, 2011**  
(With Comparative Totals for Year Ended June 30, 2010)

	Program Services			Supporting Services			Total 2011	Total 2010
	Meals and Nutrition	Social Services	Total Program Services	Fund Raising	Management	Total Supporting Services		
Salaries	\$ 326,969	\$ 372,102	\$ 699,071	\$ 133,050	\$ 116,852	\$ 249,902	\$ 948,973	\$ 1,069,025
Payroll taxes and employee benefits (Note 7)	87,203	77,435	164,638	23,539	19,967	43,506	208,144	225,892
<b>Total Salaries and Related Costs</b>	<b>414,172</b>	<b>449,537</b>	<b>863,709</b>	<b>156,589</b>	<b>136,819</b>	<b>293,408</b>	<b>1,157,117</b>	<b>1,294,917</b>
Religious stipends	56,010	9,278	65,288	2,651	3,976	6,627	71,915	63,529
Volunteer expenses	2,305	4,750	7,055	-	713	713	7,768	9,209
Food purchases	371,073	193,086	564,159	21	46	67	564,226	583,800
Products and supplies	68,645	14,302	82,947	1,827	1,597	3,424	86,371	72,587
Hygienic and baby supplies	-	3,826	3,826	-	-	-	3,826	2,245
Holiday toys and gifts	-	32,223	32,223	-	-	-	32,223	39,736
Tokens and miscellaneous/client asst.	45	6,553	6,598	-	-	-	6,598	12,003
Consultants and outside services	23,959	19,479	43,438	50,981	255	51,236	94,674	76,161
Professional fees	40,088	25,511	65,599	3,644	14,644	18,288	83,887	12,020
Rent, utilities and parking	47,099	12,845	59,944	3,568	7,850	11,418	71,362	70,173
Repairs and maintenance	11,377	5,504	16,881	1,516	2,326	3,842	20,723	31,457
Interest	46,616	27,946	74,562	4,492	5,542	10,034	84,596	90,300
Insurance	9,895	15,832	25,727	1,979	11,874	13,853	39,580	35,287
Equipment rental (Note 8)	1,607	4,406	6,013	1,343	1,266	2,609	8,622	7,882
Office supplies	7,995	11,171	19,166	2,364	3,111	5,475	24,641	18,455
Stationary and printing	64	1,436	1,500	6,820	64	6,884	8,384	15,780
Telephone	11,040	10,449	21,489	1,344	3,066	4,410	25,899	26,895
Postage	384	1,486	1,870	2,827	1,026	3,853	5,723	7,672
Special events expenses	-	-	-	4,607	-	4,607	4,607	33,309
Vehicle expense	11,368	2,541	13,909	5	12	17	13,926	22,607
Training and development	765	115	880	29	73	102	982	5,729
Meetings and conferences	1,851	977	2,828	539	935	1,474	4,302	5,403
Dues, fees and subscriptions	486	10,687	11,173	2,117	571	2,688	13,861	3,851
Bank charges	43	13	56	7	4,173	4,180	4,236	2,530
Depreciation (Note 2G, 4)	184,565	117,450	302,015	16,779	16,778	33,557	335,572	336,859
Amortization (Note 5)	4,777	3,040	7,816	434	434	868	8,684	8,684
Miscellaneous	669	205	875	23	51	74	949	7,612
<b>Total Other Expenses</b>	<b>902,726</b>	<b>535,111</b>	<b>1,437,837</b>	<b>109,917</b>	<b>80,383</b>	<b>190,300</b>	<b>1,628,137</b>	<b>1,601,774</b>
<b>Total Operating Expenses</b>	<b>\$ 1,316,898</b>	<b>\$ 984,648</b>	<b>\$ 2,301,546</b>	<b>\$ 266,506</b>	<b>\$ 217,202</b>	<b>\$ 483,708</b>	<b>\$ 2,785,254</b>	<b>\$ 2,896,691</b>

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

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**  
**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Totals for Year Ended June 30, 2010)**

	<b>2011</b>	<b>2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (259,658)	\$ 653,001
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	335,572	336,859
Amortization	8,684	8,684
Subtotal	344,256	345,543
Changes in operating assets and liabilities:		
Contributions receivable	38,715	160,893
Prepaid expenses	(1,064)	1,270
Inventory	(5,954)	(470)
Accounts payable and accrued expenses	57,757	(31,272)
Interest payable	49,597	49,597
Subtotal	139,051	180,018
 <b>Net Cash Provided by Operating Activities</b>	 223,649	 1,178,562
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	-	(4,375)
 <b>Net Cash Used In Investing Activities</b>	 -	 (4,375)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment on construction loan	-	(750,000)
Repayment on non-recourse loan	-	(500,000)
 <b>Net Cash Used In Financing Activities</b>	 -	 (1,250,000)
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 223,649	 (75,813)
Cash and cash equivalents - beginning of year	464,394	540,207
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	 \$ 688,043	 \$ 464,394
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for interest	\$ 35,000	\$ 40,703

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2011**  
**(With Comparative Totals for Year Ended June 30, 2010)**

NOTE 1. ORGANIZATION AND MISSION

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 2,100 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.

St. John's Bread & Life Foundation (the "Program Affiliate") was established in 2008 and is an inactive organization (see Note 6).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

B) Financial Statement Presentation

Bread & Life reports its financial position and operating activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The classification of net assets and related support, revenue and expenses, is based on the presence or absence of donor-imposed restrictions.

These classifications are defined as follows:

Permanently Restricted - net assets generally of an endowment nature resulting from contributions and other inflows of assets whose use by the recipient is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the recipient. Bread & Life has no permanently restricted net assets.

Temporarily Restricted - net assets resulting from contributions and other inflows of assets whose use by the recipient is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions taken pursuant to those stipulations. When stipulations terminate or are fulfilled, the amounts involved are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets received and released within the same year are reported as unrestricted net assets.

Unrestricted - unexpended net assets that are, neither permanently nor temporarily, restricted by donor-imposed stipulations.

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2011**  
**(With Comparative Totals for Year Ended June 30, 2010)**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C) Fair Value Measurements

Bread & Life values financial assets and financial liabilities and nonfinancial items in accordance with Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* ("ASC 820") (previously, Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*). ASC 820 establishes the hierarchical disclosure framework, which prioritizes and ranks the level of market price observability of inputs used in measuring fair value. Under accounting principles, fair value is defined as 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.

Accounting principles establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the organization. Unobservable inputs reflect the organization's assumption about inputs market participants would use at the measurement date. The fair value hierarchy is categorized into three levels based on inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical securities that the organization has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Bread & Life has no investments in equity securities or debt instruments. The carrying amounts for the loans payable approximate fair value because the Organization can obtain similar borrowings at similar terms. The Organization's other financial instruments are receivables, accounts payables, and accrued expenses. Management believes that the recorded value of these instruments approximates fair value.

D) Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Bread & Life's financial statements for the year ended June 30, 2010 from which the summarized information was derived.

E) Cash and Cash Equivalents

For purposes of the statement of cash flows, Bread & Life considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

F) Inventory

Inventory consists of food and related household items, and is recorded at cost (first-in first-out method).

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2011**  
**(With Comparative Totals for Year Ended June 30, 2010)**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from four to 50 years. The Organization capitalizes property and equipment with a useful life of four years and a cost of \$1,000 or more.

H) Revenue Recognition

In accordance with accounting principles generally accepted in the United States of America, contributions received are classified depending on the existence or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increase those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

I) In-Kind Donations

Bread & Life receives contributions of certain food products and household items. Donated goods and services are recognized in the financial statements if the services or goods 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 statement of activities, since they are subject to objective measurement or valuation. The in-kind contributions for the years ended June 30, 2011 and 2010 amounted to \$112,183 and \$120,853, 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 activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

K) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L) 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 September 26, 2011, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through September 26, 2011, that would require adjustment to or disclosure in the financial statements.

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2011**  
**(With Comparative Totals for Year Ended June 30, 2010)**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M) Tax Status

Bread & Life has no uncertain tax positions as of June 30, 2011 and 2010 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. Bread & Life is no longer subject to federal, state and local income tax examinations by tax authorities for the year ended June 30, 2007 and prior years.

N) Reclassifications

Certain line items in the June 30, 2010 financial statements have been reclassified to conform with the June 30, 2011 presentation.

NOTE 3. CONTRIBUTIONS RECEIVABLE

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Contributions subject to donor-imposed restrictions that are met in the same reporting period are reported as unrestricted revenues. Contributions with purpose or time restrictions that are not met in the same reporting period as received are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets 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-free 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.

At June 30, 2011 and 2010, contributions receivable are as follows:

	<u>2011</u>	<u>2010</u>
Amounts expected to be collected in:		
Less than one year	\$ 231,556	\$ 180,722
One to five years	<u>40,000</u>	<u>130,000</u>
	271,556	310,722
Less: discount for net present value (4%)	<u>(2,278)</u>	<u>(2,729)</u>
	<u>\$ 269,278</u>	<u>\$ 307,993</u>

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2011**  
**(With Comparative Totals for Year Ended June 30, 2010)**

**NOTE 4. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Land	\$ 987,533	\$ 987,533
Building	1,764,030	1,764,030
Building improvement	4,210,959	4,210,959
Furniture and equipment	777,738	823,159
Total property and equipment	7,740,260	7,785,681
Less: accumulated depreciation	<u>(1,227,192)</u>	<u>(937,041)</u>
Total property and equipment, net	<u>\$ 6,513,068</u>	<u>\$ 6,848,640</u>

Depreciation expense for the years ending June 30, 2011 and 2010 was \$335,572 and \$336,859, respectively. Fully depreciated furniture and equipment with a cost of \$45,421 were written off during the year ended June 30, 2011.

**NOTE 5. ISSUANCE COSTS – NMTC LOANS**

The issuance costs relating to the Federal New Markets Tax Credit program (NMTC) (see Note 6 for details) are being amortized over the life of the loans (approximately 40 years). The total amount being amortized each year is \$8,684.

At June 30, 2011 and 2010, the remaining costs to be amortized are the following:

	<u>2011</u>	<u>2010</u>
Issuance costs	\$ 346,647	\$ 346,647
Less: accumulated amortization	<u>25,320</u>	<u>16,636</u>
Total unamortized issuance costs	<u>\$ 321,327</u>	<u>\$ 330,011</u>

**NOTE 6. LOANS PAYABLE - NMTC**

In July 2008, Bread & Life entered into various agreements for the purpose of participating in the Federal New Markets Tax Credit program (NMTC). In connection with this transaction, Bread & Life made a restricted grant in the amount of \$4,870,600, to the University, to induce the University to serve as the leveraged lender in the transaction. As the leveraged lender, the University received charitable contributions raised by Bread & Life, and loaned them to a NMTC investor. The NMTC investor has used the contributions to leverage its equity investment and made loans to Bread & Life in the amounts of \$4,870,600 ("Loan A") and \$1,919,400 ("Loan B"), respectively. The loans carry interest at 1% per annum to maturity on June 30, 2048. Interest due on Loan A is accrued and added to principal until June 1, 2015. Interest on Loan B is payable quarterly in arrears. Accrued interest payable on Loan A was \$144,658 and \$95,061 as of June 30, 2011 and 2010, respectively.

Beginning on June 1, 2016, Bread & Life will make annual level payments on the loans in an amount sufficient to repay principal and interest over the amortization period of 33 years beginning on June 1, 2015. In July 2015, an affiliate of the NMTC investor has the option (the "Put") to sell its interest in the loans for the sum of \$21,294 to the Program Affiliate (see Note 1). Should the Put not be exercised, the Program Affiliate has the right to purchase (the "Call") the loans at the then fair market value. It is anticipated that the Put will be exercised.

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2011**  
**(With Comparative Totals for Year Ended June 30, 2010)**

**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 \$27,905 and \$27,541 for the years ended June 30, 2011 and 2010, respectively.

**NOTE 8. COMMITMENTS**

Bread & Life leases equipment under two operating leases that expire variably through 2017. Future minimum payments due under the leases for the years after June 30, 2011 are as follows:

2012	\$ 6,083
2013	5,832
2014	5,832
2015	5,832
2016	5,832
Thereafter	<u>486</u>
	<u>\$ 29,897</u>

Equipment rental expense for the years ending June 30, 2011 and 2010 was \$8,622 and \$7,882, respectively.

**NOTE 9. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets for the years ended June 30, 2011 and 2010 are summarized as follows:

	<u>July 1, 2010</u>	<u>Released for Additions</u>	<u>June 30, Operations</u>	<u>2011</u>
Robin Hood Foundation	\$ 116,667	\$ 116,667	\$ (116,667)	\$ 116,667
Single Stop USA	27,500	50,000	(27,500)	50,000
H.W. Wilson Foundation	80,000	-	(20,000)	60,000
Mary J. Hutchins Foundation	-	20,000	-	20,000
Mobile Soup Kitchen	<u>-</u>	<u>140,000</u>	<u>-</u>	<u>140,000</u>
	<u>\$ 224,167</u>	<u>\$ 326,667</u>	<u>\$ (164,167)</u>	<u>\$ 386,667</u>
	<u>July 1, 2009</u>	<u>Released for Additions</u>	<u>June 30, Operations</u>	<u>2010</u>
Robin Hood Foundation	\$ 160,417	\$ 116,667	\$ (160,417)	\$ 116,667
Single Stop USA	40,000	27,500	(40,000)	27,500
H.W. Wilson Foundation	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>80,000</u>
	<u>\$ 200,417</u>	<u>\$ 224,167</u>	<u>\$ (200,417)</u>	<u>\$ 224,167</u>

For the years ended June 30, 2011 and 2010, net assets amounting to \$164,667 and \$200,417 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**  
**YEAR ENDED JUNE 30, 2011**  
**(With Comparative Totals for Year Ended June 30, 2010)**

NOTE 10. CONCENTRATIONS

Financial instruments that potentially subject Bread & Life to a concentration of credit risk include cash and money market accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Effective October 14, 2008, the basic limit on federal deposit insurance coverage was increased from \$100,000 to \$250,000 for interest-bearing accounts until December 31, 2013. Such coverage was unlimited for noninterest-bearing accounts through June 30, 2010, for participating banks, through the Transaction Guarantee Program ("TAGP"). In July 2010, the FDIC insurance limit was permanently increased to \$250,000 and, beginning December 1, 2010 through December 31, 2012, deposits held in noninterest-bearing accounts will be fully insured, regardless of the amount in the account, at all FDIC-insured institutions.

As of June 30, 2011 and 2010, Bread & Life had no cash or money market accounts that exceeded the FDIC insurance limits.