



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

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

**Years Ended June 30, 2022 and 2021**



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

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

**YEARS ENDED JUNE 30, 2022 AND 2021**

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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 statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the year 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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Report on 2021 Financial Statements**

The financial statements of St. John's Bread & Life Program, Inc. as of and for the year ended June 30, 2021 were audited by another auditor whose report dated March 21, 2022 expressed an unmodified opinion on those statements.

### **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.

### **Mayer Hoffman McCann CPAs**

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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 audit.
- 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 audit 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 judgement, 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 Hoffman McCann CPAs*

Purchase, New York  
May 4, 2023

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

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,874,948	\$ 3,238,308
Contributions receivable	70,000	275,000
Government contract receivable	47,854	28,101
Inventory	124,871	84,058
Prepaid expenses	100,682	80,321
Property and equipment, net	<u>4,250,963</u>	<u>4,602,808</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 8,469,318</u></u>	<u><u>\$ 8,308,596</u></u>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses	<u>\$ 357,884</u>	<u>\$ 247,067</u>
<b>TOTAL LIABILITIES</b>	<u>357,884</u>	<u>247,067</u>
 <b>COMMITMENTS AND CONTINGENCIES</b>		
 <b>NET ASSETS</b>		
Without donor restrictions		
Available for operations	6,770,406	6,406,867
Board-designated - Operating reserve	<u>1,300,538</u>	<u>1,112,240</u>
	<u>8,070,944</u>	<u>7,519,107</u>
With donor restrictions		
Purpose restricted	<u>40,490</u>	<u>542,422</u>
	<u>40,490</u>	<u>542,422</u>
<b>TOTAL NET ASSETS</b>	<u>8,111,434</u>	<u>8,061,529</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 8,469,318</u></u>	<u><u>\$ 8,308,596</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, 2022 AND 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>
<b>OPERATING ACTIVITIES:</b>						
<b>PUBLIC SUPPORT AND OTHER REVENUE:</b>						
Public Support:						
Individuals	\$ 1,272,087	\$ -	\$ 1,272,087	\$ 1,296,975	\$ -	\$ 1,296,975
Corporations	48,465	-	48,465	295,035	-	295,035
Foundations	1,284,035	924,650	2,208,685	1,536,812	810,000	2,346,812
Government	2,024,484	-	2,024,484	1,690,164	-	1,690,164
Religious Organizations	20,000	-	20,000	60,000	-	60,000
Special Events - net of direct expenses of \$29,452 and \$29,675 for 2022 and 2021, respectively	416,345	-	416,345	367,742	-	367,742
Miscellaneous	15,071	-	15,071	2,627	-	2,627
Gain on extinguishment of debt - PPP loan	-	-	-	359,955	-	359,955
In-Kind Donations	869,207	-	869,207	658,198	-	658,198
Net assets released from restrictions	1,426,582	(1,426,582)	-	523,686	(523,686)	-
Total Public Support	<u>7,376,276</u>	<u>(501,932)</u>	<u>6,874,344</u>	<u>6,791,194</u>	<u>286,314</u>	<u>7,077,508</u>
<b>EXPENSES:</b>						
Operating Expenses:						
Program services						
Meals and nutrition	5,277,026	-	5,277,026	4,227,999	-	4,227,999
Social services	602,681	-	602,681	625,031	-	625,031
Total Program Services	<u>5,879,707</u>	<u>-</u>	<u>5,879,707</u>	<u>4,853,030</u>	<u>-</u>	<u>4,853,030</u>
Supporting services						
Fundraising	350,076	-	350,076	442,976	-	442,976
Management	594,656	-	594,656	578,268	-	578,268
Total Supporting Services	<u>944,732</u>	<u>-</u>	<u>944,732</u>	<u>1,021,244</u>	<u>-</u>	<u>1,021,244</u>
Total Operating Expenses	<u>6,824,439</u>	<u>-</u>	<u>6,824,439</u>	<u>5,874,274</u>	<u>-</u>	<u>5,874,274</u>
<b>CHANGES IN NET ASSETS</b>	551,837	(501,932)	49,905	916,920	286,314	1,203,234
<b>NET ASSETS - Beginning of Year</b>	<u>7,519,107</u>	<u>542,422</u>	<u>8,061,529</u>	<u>6,602,187</u>	<u>256,108</u>	<u>6,858,295</u>
<b>NET ASSETS - END OF YEAR</b>	<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>

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**  
(With Comparative Totals for the Year Ended June 30, 2021)

	Program Services			Supporting Services			Total	
	Meals and Nutrition	Social Services	Total Program Services	Fundraising	Management	Total Supporting Services	2022	2021
Salaries	\$ 855,956	\$ 254,335	\$ 1,110,291	\$ 153,870	\$ 215,348	\$ 369,218	\$ 1,479,509	\$ 1,395,407
Payroll taxes and employee benefits	282,676	77,170	359,846	34,976	53,946	88,922	448,768	395,143
<b>Total Salaries and Related Costs</b>	<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>	<u>1,790,550</u>
Religious stipends	77,303	50,693	127,996	33,121	72,753	105,874	233,870	218,809
Volunteer expenses	3,725	2,648	6,373	79	958	1,037	7,410	726
Food purchases	2,717,555	9,685	2,727,240	-	-	-	2,727,240	2,123,705
Food purchases - In-kind	869,207	-	869,207	-	-	-	869,207	658,198
Products and supplies	59,491	3,334	62,825	3,108	3,642	6,750	69,575	121,676
Hygienic and baby supplies	-	-	-	-	-	-	-	20,000
Holiday toys and gifts	-	27,250	27,250	-	-	-	27,250	32,458
Miscellaneous client assistance	-	-	-	-	-	-	-	464
Consultants and outside services	22,873	145	23,018	48,850	145	48,995	72,013	74,382
Professional fees	32,922	3,653	36,575	1,218	74,043	75,261	111,836	90,066
Rent and Utilities	32,587	14,039	46,626	3,510	21,058	24,568	71,194	62,524
Repairs and maintenance	17,602	9,541	27,143	7,370	7,041	14,411	41,554	16,185
Interest	-	-	-	-	-	-	-	3,041
Insurance	68,215	45,654	113,869	15,901	37,403	53,304	167,173	134,055
Equipment rental	11,399	2,544	13,943	4,544	5,473	10,017	23,960	59,866
Stationery and printing	127	166	293	1,314	166	1,480	1,773	3,765
Telephone	3,162	9,262	12,424	960	6,967	7,927	20,351	17,628
Postage	330	1,057	1,387	3,108	1,450	4,558	5,945	8,510
Special events meals and facility expenses	-	-	-	29,452	3,200	32,652	32,652	29,675
Vehicle expense	4,644	-	4,644	27	27	54	4,698	8,064
Training and development	3,752	3,752	7,504	912	2,229	3,141	10,645	6,778
Dues, fees and subscriptions	18,729	19,108	37,837	2,419	2,092	4,511	42,348	31,092
Bank charges	148	-	148	-	18,070	18,070	18,218	20,122
Website development	-	-	-	466	-	466	466	5,500
Depreciation	194,623	68,645	263,268	34,323	68,645	102,968	366,236	362,840
Miscellaneous	-	-	-	-	-	-	-	3,268
<b>Total Other Expenses</b>	<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>	<u>4,113,399</u>
Less: direct benefits to donors recorded on the statement of activities	-	-	-	(29,452)	-	(29,452)	(29,452)	(29,675)
<b>Total Operating Expenses</b>	<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>	<u>\$ 5,874,274</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, 2021**

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total</u>
	<u>Meals and Nutrition</u>	<u>Social Services</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>Management</u>	<u>Total Supporting Services</u>	
Salaries	\$ 711,207	\$ 264,548	\$ 975,755	\$ 208,478	\$ 211,174	\$ 419,652	\$ 1,395,407
Payroll taxes and employee benefits	209,998	87,415	297,413	35,372	62,358	97,730	395,143
<b>Total Salaries and Related Costs</b>	<u>921,205</u>	<u>351,963</u>	<u>1,273,168</u>	<u>243,850</u>	<u>273,532</u>	<u>517,382</u>	<u>1,790,550</u>
Religious stipends	72,309	47,527	119,836	30,939	68,035	98,974	218,809
Volunteer expenses	363	-	363	-	363	363	726
Food purchases	2,123,625	-	2,123,625	29	51	80	2,123,705
Food purchases - In-kind	658,198	-	658,198	-	-	-	658,198
Products and supplies	106,990	6,747	113,737	1,744	6,195	7,939	121,676
Hygienic and baby supplies	-	20,000	20,000	-	-	-	20,000
Holiday toys and gifts	-	32,458	32,458	-	-	-	32,458
Miscellaneous client assistance	-	464	464	-	-	-	464
Consultants and outside services	2,029	-	2,029	71,353	1,000	72,353	74,382
Professional fees	4,084	4,035	8,119	1,345	80,602	81,947	90,066
Rent and Utilities	28,136	12,505	40,641	3,126	18,757	21,883	62,524
Repairs and maintenance	8,391	2,638	11,029	1,768	3,388	5,156	16,185
Interest	-	-	-	-	3,041	3,041	3,041
Insurance	58,701	34,925	93,626	8,194	32,236	40,430	134,056
Equipment rental	39,231	8,657	47,888	5,656	6,322	11,978	59,866
Stationery and printing	-	-	-	3,693	72	3,765	3,765
Telephone	1,763	7,051	8,814	5,288	3,526	8,814	17,628
Postage	254	1,859	2,113	5,277	1,120	6,397	8,510
Special events meals and facility expenses	-	-	-	29,675	-	29,675	29,675
Vehicle expense	7,258	-	7,258	403	403	806	8,064
Training and development	2,451	1,759	4,210	650	1,918	2,568	6,778
Dues, fees and subscriptions	11,591	16,608	28,199	1,777	1,116	2,893	31,092
Bank charges	-	-	-	16,098	4,024	20,122	20,122
Website development	-	-	-	5,500	-	5,500	5,500
Depreciation	181,420	72,567	253,987	36,284	72,569	108,853	362,840
Miscellaneous	-	3,268	3,268	-	-	-	3,268
<b>Total Other Expenses</b>	<u>3,306,794</u>	<u>273,068</u>	<u>3,579,862</u>	<u>228,801</u>	<u>304,736</u>	<u>533,537</u>	<u>4,113,399</u>
Less: direct benefits to donors recorded on the statement of activities	-	-	-	(29,675)	-	(29,675)	(29,675)
<b>Total Operating Expenses</b>	<u>\$ 4,227,999</u>	<u>\$ 625,031</u>	<u>\$ 4,853,030</u>	<u>\$ 442,976</u>	<u>\$ 578,268</u>	<u>\$ 1,021,244</u>	<u>\$ 5,874,274</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, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 49,905	\$ 1,203,234
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	366,236	362,839
Gain on extinguishment of debt - PPP loan	-	(359,955)
Changes in operating assets and liabilities:		
Contributions receivable	205,000	(225,800)
Government contract receivable	(19,753)	111,938
Prepaid expenses	(20,361)	37,739
Inventory	(40,813)	(20,954)
Accounts payable and accrued expenses	110,817	84,237
Government contract advances	-	(50,518)
	<b>651,031</b>	<b>1,142,760</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to fixed assets	(14,391)	(111,000)
	<b>(14,391)</b>	<b>(111,000)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	636,640	1,031,760
Cash and cash equivalents - beginning of year	3,238,308	2,206,548
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 3,874,948</b>	<b>\$ 3,238,308</b>

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

**ST. JOHN'S BREAD & LIFE PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 – ORGANIZATION AND PURPOSE**

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

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

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

- A. ***Basis of Accounting*** – The books and records of Bread & Life are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.
- B. ***Financial Statement Presentation*** – The Organization reports information regarding its financial position and activities in two classes of net assets: without and with donor restrictions. Net Assets without donor restrictions consist of amounts that can be spent at the discretion of the Organization and have no donor restrictions associated with them. Net assets with donor restrictions consist of contributions that are restricted by the donor for a specific time period or purpose. The Organization did not have any net assets with donor restrictions to be held in perpetuity as of June 30, 2022.
- C. ***Cash and Cash Equivalents*** – For purposes of the statements of cash flows, Bread & Life considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.
- D. ***Allowance for Uncollectible Accounts*** – Bread & Life evaluates the need for an allowance for uncollectible accounts based on a combination of factors such as management's assessment of the creditworthiness of its donors, a review of individual accounts outstanding, aged basis of the receivables, current economic conditions and historical experience. No allowance for doubtful accounts was considered necessary at June 30, 2022 and 2021.
- 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, 2022 AND 2021**

**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 \$2,024,484 and \$1,690,164 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021 there were no advances from government contracts.

As of June 30, 2022 and 2021, the Organization received no conditional grants and contracts from government agencies. 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.

- 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, 2022 AND 2021**

**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, 2022, 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.

**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:

	2022	2021
Cash and cash equivalents	\$ 3,874,948	\$ 3,238,308
Contributions receivable	70,000	275,000
Government contract receivable	47,854	28,101
	3,992,802	3,541,409
Less: amounts with limits on usage		
Board-designated operating reserve	(1,300,538)	(1,112,240)
Spendable net assets with donor restrictions	(40,490)	(542,422)
	\$ 2,651,774	\$ 1,886,747

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

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**NOTE 4 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable is as follows at June 30:

	<u>2022</u>	<u>2021</u>
Amounts expected to be collected in:		
Less than one year	<u>\$ 70,000</u>	<u>\$ 275,000</u>

**NOTE 5 – GOVERNMENT CONTRACT RECEIVABLE**

Government contract receivable is as follows at June 30:

	<u>2022</u>	<u>2021</u>
NYS Dept. of Health-Hunger Prevention and Nutrition Assistance Program - HPNAP Program	<u>\$ 47,854</u>	<u>\$ 28,101</u>
Total	<u>\$ 47,854</u>	<u>\$ 28,101</u>

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 987,533	\$ 987,533
Building	1,764,030	1,764,030
Building improvement	5,180,263	5,165,872
Furniture and equipment	<u>1,334,963</u>	<u>1,334,963</u>
Total property and equipment	9,266,789	9,252,398
Less: accumulated depreciation	<u>(5,015,826)</u>	<u>(4,649,590)</u>
Total property and equipment, net	<u>\$ 4,250,963</u>	<u>\$ 4,602,808</u>

Depreciation expense for fiscal years ended June 30, 2022 and 2021 was \$366,236 and \$362,839, respectively.

**NOTE 7 – GAIN ON EXTINGUISHMENT OF DEBT – PPP LOAN**

In April 2020, the Organization received loan proceeds in the amount of \$359,955 under the Paycheck Protection Program (“PPP”) established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). PPP loans and accrued interest are forgivable after a “coverage period” (eight or 24 weeks) if the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

On March 5, 2021, the loan was fully forgiven and legally released by the SBA, and Organization recognized the gain on extinguishment of debt.

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**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 \$34,223 and \$28,518 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

Bread & Life leases equipment under two operating leases that expire variably through 2026. Future minimum payments due under the leases for each of the years subsequent to June 30, 2022 are as follows:

2023	\$ 6,866
2024	6,300
2025	6,300
2026	<u>525</u>
	<u>\$ 19,991</u>

Equipment rental expense amounted to \$23,960 and \$59,866 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 10 – CONTRIBUTED NONFINANCIAL ASSETS**

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets without donor restrictions recognized within the statement of activities included food in the amount of \$869,207 and \$658,198, respectively.

The Organization recognized the contributed nonfinancial assets within revenue.

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 11 – BOARD DESIGNATED NET ASSETS**

The Board of Directors voted to establish an operating reserve account to provide an internal source of funds in the event of an unanticipated loss in funding or a sudden increase in expenses. The reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as investment in infrastructure. It is the intention of the Board that the operating reserves be replenished within a reasonably short period of time if any of the funds are used. The initial amount of the operating reserve fund was set at \$750,000. The targeted goal of the operating reserve fund will be equal to a minimum of three months of average operating costs, which has been calculated to be approximately \$1 million. As of June 30, 2022 and 2021, the Board designated net assets were \$1,300,538 and \$1,112,240, respectively.

**NOTE 12 – 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:

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

	July 1, 2021	Additions	Released from Restrictions	June 30, 2022
NY Mets Foundation	\$ -	\$ 15,000	\$ (15,000)	\$ -
Leona M. & Harry B. Helmsley Charitable Trust	40,490	-	-	40,490
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)	-
Mother Cabrini	441,932	650,000	(1,091,932)	-
Sisters of Charity	-	20,000	(20,000)	-
	<u>\$ 542,422</u>	<u>\$ 924,650</u>	<u>\$ (1,426,582)</u>	<u>\$ 40,490</u>

	July 1, 2020	Additions	Released from Restrictions	June 30, 2021
Robin Hood Foundation	\$ 50,000	\$ -	\$ (50,000)	\$ -
Leona M. & Harry B. Helmsley Charitable Trust	40,490	-	-	40,490
H.W. Wilson Foundation	25,000	-	(25,000)	-
Judith White Foundation	12,650	-	(12,650)	-
NY City Trust	74,222	-	(74,222)	-
Hyde & Watson Foundation	13,834	-	(13,834)	-
Howard & Barbara Farkas Foundation, Inc.	15,000	-	(15,000)	-
Constans Culver Foundation	20,837	60,000	(20,837)	60,000
Mother Cabrini	-	750,000	(308,068)	441,932
Thomas & Paula McInerney	4,075	-	(4,075)	-
	<u>\$ 256,108</u>	<u>\$ 810,000</u>	<u>\$ (523,686)</u>	<u>\$ 542,422</u>

For the years ended June 30, 2022 and 2021, net assets amounting to \$1,426,582 and \$523,686, respectively, were released from restrictions by either satisfying a donor restriction or the passage of time, thus satisfying the restricted purposes.

**NOTE 12 – CONCENTRATIONS**

Financial instruments that potentially subject Bread & Life to a concentration of credit risk include cash and cash equivalent accounts with various financial institutions that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. For the years ended June 30, 2022 and 2021, both interest-bearing and non-interest bearing accounts are insured up to \$250,000 per depositor. As of June 30, 2022 and 2021, Bread & Life exceeded the FDIC insurance limits by approximately \$3,610,000 and \$2,950,000, respectively. Management monitors its financial risks on a regular basis.

The Organization received approximately 9% and 11% of its total contributions from one major donor for the years ended June 30, 2022 and 2021, respectively.

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**NOTE 13 – RISKS AND UNCERTAINTIES**

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Organization is currently unable to fully determine the extent of COVID-19's impact on its business in future periods. The Organization's performance in future periods will be heavily influenced by the timing, length and intensity of the economic recoveries in the United States. The Organization continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events and transactions that occurred subsequent to the date of the statement of financial position through May 4, 2023, the date the financial statements were available to be issued.