

**Delivering Good, Inc.**

Financial Statements

December 31, 2020 and 2019



## Independent Auditors' Report

### The Board of Directors Delivering Good, Inc.

We have audited the accompanying financial statements of Delivering Good, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delivering Good, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*PKF O'Connor Davies, LLP*

July 20, 2021

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## Delivering Good, Inc.

### Statement of Financial Position

	December 31,	
	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash	\$ 290,479	\$ 1,604,557
Accounts receivable, net	496,115	2,149,570
Prepaid expenses and other assets	62,496	68,223
Restricted cash	-	67,014
Investments	2,059,468	527,551
Property and equipment, net	6,105	31,346
Endowment investments	<u>921,436</u>	<u>863,697</u>
	<u>\$ 3,836,099</u>	<u>\$ 5,311,958</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 317,571	\$ 265,972
Deferred rent	-	24,231
Loan payable	<u>-</u>	<u>5,025</u>
Total Liabilities	<u>317,571</u>	<u>295,228</u>
Net Assets		
Without donor restrictions	1,819,113	2,376,596
With donor restrictions	<u>1,699,415</u>	<u>2,640,134</u>
Total Net Assets	<u>3,518,528</u>	<u>5,016,730</u>
	<u>\$ 3,836,099</u>	<u>\$ 5,311,958</u>

See notes to financial statements

## Delivering Good, Inc.

### Statement of Activities

	Year Ended December 31,					
	Without Donor Restrictions	With Donor Restrictions	2020 Total	Without Donor Restrictions	With Donor Restrictions	2019 Total
<b>SUPPORT AND REVENUE</b>						
Contributed merchandise, in-kind	\$ 288,520,619	\$ -	\$ 288,520,619	\$ 135,859,880	\$ -	\$ 135,859,880
Contributed professional services, in-kind	27,269	-	27,269	85,423	-	85,423
Contributions	1,395,667	23,389	1,419,056	1,190,913	1,644,895	2,835,808
Government grant	-	223,323	223,323	-	-	-
Disaster relief support	-	-	-	20,803	138,026	158,829
Special events, net of direct costs of \$178,341 and \$430,232 in 2020 and 2019, respectively	1,008,511	-	1,008,511	1,468,678	-	1,468,678
Investment return	84,868	83,739	168,607	29,680	63,697	93,377
Other	10,111	-	10,111	39,500	-	39,500
Net assets released from restrictions	<u>1,271,170</u>	<u>(1,271,170)</u>	<u>-</u>	<u>361,929</u>	<u>(361,929)</u>	<u>-</u>
Total Support and Revenue	<u>292,318,215</u>	<u>(940,719)</u>	<u>291,377,496</u>	<u>139,056,806</u>	<u>1,484,689</u>	<u>140,541,495</u>
<b>EXPENSES</b>						
Programs	291,509,058	-	291,509,058	137,775,737	-	137,775,737
Management and general	666,494	-	666,494	503,768	-	503,768
Fundraising	<u>700,146</u>	<u>-</u>	<u>700,146</u>	<u>734,188</u>	<u>-</u>	<u>734,188</u>
Total Expenses	<u>292,875,698</u>	<u>-</u>	<u>292,875,698</u>	<u>139,013,693</u>	<u>-</u>	<u>139,013,693</u>
Change in Net Assets	(557,483)	(940,719)	(1,498,202)	43,113	1,484,689	1,527,802
<b>NET ASSETS</b>						
Beginning of year	<u>2,376,596</u>	<u>2,640,134</u>	<u>5,016,730</u>	<u>2,333,483</u>	<u>1,155,445</u>	<u>3,488,928</u>
End of year	<u>\$ 1,819,113</u>	<u>\$ 1,699,415</u>	<u>\$ 3,518,528</u>	<u>\$ 2,376,596</u>	<u>\$ 2,640,134</u>	<u>\$ 5,016,730</u>

See notes to financial statements

## Delivering Good, Inc.

### Statement of Functional Expenses

	Year Ended									
	December 31,									
	Programs	Management and General	Fundraising	Cost of Direct Benefits To Donors	2020 Total	Programs	Management and General	Fundraising	Cost of Direct Benefits To Donors	2019 Total
Merchandise donated	\$ 288,520,619	\$ -	\$ -	\$ -	\$ 288,520,619	\$ 135,859,880	\$ -	\$ -	\$ -	\$ 135,859,880
Contributed professional services	-	13,089	14,180	-	27,269	-	41,003	44,420	-	85,423
Freight charges	1,417,236	-	-	-	1,417,236	725,615	-	-	945	726,560
Salaries and wages	709,087	356,388	390,336	-	1,455,811	706,949	282,826	423,735	-	1,413,510
Payroll taxes and employee benefits	131,905	66,295	72,611	-	270,811	135,145	54,066	81,003	-	270,214
Merchandise purchased	331,136	-	-	-	331,136	-	-	-	-	-
Professional fees	76,923	30,769	46,154	-	153,846	58,575	23,431	35,144	-	117,150
Consulting fees	143,094	48,347	72,521	124,062	388,024	18,092	7,237	10,854	71,560	107,743
Advertising and promotion	14,518	-	9,678	24,575	48,771	17,543	-	11,696	1,500	30,739
Office expenses	17,735	8,913	9,763	101	36,512	33,913	13,567	20,327	15,289	83,096
Information technology	55,341	27,815	30,464	3,143	116,763	40,067	16,030	24,016	2,836	82,949
Occupancy	34,784	17,482	19,148	-	71,414	70,113	28,050	42,025	64,134	204,322
Travel and entertainment	2,054	-	513	8,284	10,851	18,131	-	4,533	241,170	263,834
Meetings	12,810	3,493	6,987	-	23,290	1,620	442	884	-	2,946
Gift cards (disaster relief)	230	-	-	-	230	38,971	-	-	-	38,971
Bad debt	-	64,500	-	-	64,500	-	10,000	-	-	10,000
Depreciation and amortization	12,294	6,179	6,768	-	25,241	18,715	7,488	11,218	-	37,421
Insurance	-	13,041	-	-	13,041	-	5,667	-	2,795	8,462
State registration fees	6,822	-	5,581	-	12,403	5,338	-	4,368	-	9,706
Bank fees	4,392	1,097	5,490	15,926	26,905	5,269	1,317	6,587	15,203	28,376
Miscellaneous	18,078	9,086	9,952	2,250	39,366	21,801	12,644	13,378	14,800	62,623
<b>Total Functional Expenses</b>	<b>291,509,058</b>	<b>666,494</b>	<b>700,146</b>	<b>178,341</b>	<b>293,054,039</b>	<b>137,775,737</b>	<b>503,768</b>	<b>734,188</b>	<b>430,232</b>	<b>139,443,925</b>
Less: cost of direct benefits to donors	-	-	-	(178,341)	(178,341)	-	-	-	(430,232)	(430,232)
<b>Total Expenses Reported by Function on the Statement of Activities</b>	<b>\$ 291,509,058</b>	<b>\$ 666,494</b>	<b>\$ 700,146</b>	<b>\$ -</b>	<b>\$ 292,875,698</b>	<b>\$ 137,775,737</b>	<b>\$ 503,768</b>	<b>\$ 734,188</b>	<b>\$ -</b>	<b>\$ 139,013,693</b>

See notes to financial statements

## Delivering Good, Inc.

### Statement of Cash Flows

	Year Ended	
	December 31	
	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,498,202)	\$ 1,527,802
Adjustments to reconcile change in net assets to net cash from operating activities		
Unrealized gains on investments	(131,281)	(67,261)
Depreciation and amortization	25,241	37,421
Deferred rent	(24,231)	(39,213)
Endowment contribution	-	(800,000)
Bad debt	64,500	10,000
Change in operating assets and liabilities		
Accounts receivable	1,588,955	(819,377)
Prepaid expenses and other assets	5,727	(40,764)
Accounts payable and accrued expenses	51,599	(167,280)
Net cash from operating activities	<u>82,308</u>	<u>(358,672)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	-	(7,549)
Purchase of investments	(1,458,375)	(1,323,987)
Net cash from investing activities	<u>(1,458,375)</u>	<u>(1,331,536)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal repayments on loan payable	(5,025)	(6,430)
Endowment contribution	-	800,000
Net cash from financing activities	<u>(5,025)</u>	<u>793,570</u>
Net change in cash and restricted cash	(1,381,092)	(896,638)
Cash and restricted cash, beginning of the year	<u>1,671,571</u>	<u>2,568,209</u>
Cash and restricted cash, end of the year	<u>\$ 290,479</u>	<u>\$ 1,671,571</u>

See notes to financial statements

## Delivering Good, Inc.

Notes to Financial Statements  
December 31, 2020 and 2019

### 1. Organization and Tax Status

Delivering Good, Inc. (the "Organization") was incorporated on December 10, 1985 under the laws of the State of New York and has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

The Organization is a public charity that receives, administers and expends products for charitable, educational, and disaster relief purposes to poor, distressed, and underprivileged children, individuals, and families. The Organization maintains its office at 266 West 37th Street, New York, New York.

### 2. Summary of Significant Accounting Policies

#### *Basis of Presentation and Use of Estimates*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### *Cash and Restricted Cash*

For purposes of the statement of financial position and the statement of cash flows, cash includes cash in checking and savings accounts. Restricted cash on the statement of financial position consists of restricted cash in support of a letter of credit, which was terminated October 7, 2020 (see note 8). The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position to such amounts presented in the statement of cash flows:

	December 31,	
	2020	2019
Cash	\$ 290,479	\$ 1,604,557
Restricted cash	-	67,014
Total cash and restricted cash presented in the statement of cash flows	<u>\$ 290,479</u>	<u>\$ 1,671,571</u>

#### *Accounts Receivable*

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An estimated allowance for doubtful accounts is provided when necessary, based upon management's assessment of historical and expected net collections and other business and economic conditions. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense and a reduction in accounts receivable. As of December 31, 2020 and 2019, the allowance for doubtful accounts totaled \$30,500 and \$0, respectively.

## **Delivering Good, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation and amortization. Costs incurred for repairs and maintenance are charged to expense as incurred. Depreciation is provided using the straight-line method over the estimated useful lives that range from 3 to 5 years. Leasehold improvements are amortized over the shorter of the useful life of the asset or related lease period. The Organization capitalizes amounts over \$1,000 with a useful life greater than a year.

#### ***Fair Value Measurements***

The Organization follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

#### ***Investments and Investment Income Recognition***

Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

#### ***Asset Recoverability***

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amounts of the asset to aggregate future undiscounted net cash flows expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. There is no such impairment for the years ended December 31, 2020 and 2019.

#### ***Functional Allocation of Expenses***

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes and employee benefits and information technology, which are allocated on the basis of estimates of time and effort as well as office expenses, occupancy, depreciation and amortization and miscellaneous, which are allocated on a square-footage basis.



## **Delivering Good, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Deferred Rent***

U.S. GAAP requires that the rent over the life of a lease be expensed on a straight-line basis notwithstanding the actual cash payments required under the lease, with the difference between the straight-line expense and the actual rent payments shown as deferred rent liability on the statement of financial position. The cumulative balance for deferred rent at December 31, 2020 and 2019 of \$0 and \$24,231, respectively, is reported in the accompanying statement of financial position. In addition, the liability initially recorded included landlord concessions of \$140,215.

#### ***Net Assets***

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

##### ***Net Assets without Donor Restrictions***

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating expenses.

##### ***Net Assets with Donor Restrictions***

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Some net assets include stipulations that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of the donor-imposed stipulations.

The Organization reports gifts of cash and other assets as revenue 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, the net assets are reclassified as net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

#### ***Contributions and Promises to Give***

Contributions and unconditional promises to give are measured at their net realizable values when received and are classified as either with or without donor restricted support, based on donor-imposed stipulations, if any.

#### ***Contributions In-kind***

The Organization receives donated merchandise as part of program services and recognizes such materials as support and expense in the statement of activities when the Organization has been granted explicit unilateral authority to dispose of such materials by transferring them to donee organizations. This merchandise is recorded in the accompanying financial statements at their fair value, as estimated by the donor and management on the date of use or receipt to the extent that such amounts can be reasonably estimated.

## **Delivering Good, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Contributions In-kind (continued)***

Contributed services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions are reflected in the accompanying statement of activities at their fair value at the time the services are rendered.

Donated services rendered by volunteers are not recorded as support and expense because they do not meet the criteria for recognition in the financial statements.

#### ***Special Events***

Revenues and expenses incurred relative to special events are recognized upon occurrence of the respective event. Revenues are shown net of cost of direct benefits to donors.

#### ***Advertising Costs***

Advertising costs are expensed as incurred.

#### ***Income Taxes***

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition and/or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for tax years prior to December 31, 2017.

#### ***Reclassifications***

Certain reclassifications have been made to the 2019 financial statements in order to conform to the 2020 presentation. These reclassifications have no effect on the net assets and changes therein previously reported.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 20, 2021 and has determined that there were no subsequent events or transactions which would require recognition and disclosure in the financial statements.

## Delivering Good, Inc.

Notes to Financial Statements  
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### 3. Accounts Receivable

Accounts receivable consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Grants and contributions receivable	\$ 276,615	\$ 1,936,570
Event revenue receivables	<u>250,000</u>	<u>213,000</u>
	526,615	2,149,570
Allowance for doubtful accounts	<u>(30,500)</u>	<u>-</u>
	<u>\$ 496,115</u>	<u>\$ 2,149,570</u>

### 4. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 220,431	\$ 220,431
Furniture and fixtures	805	805
Office equipment	<u>46,383</u>	<u>46,383</u>
	267,619	267,619
Accumulated depreciation and amortization	<u>(261,514)</u>	<u>(236,273)</u>
	<u>\$ 6,105</u>	<u>\$ 31,346</u>

### 5. Loan Payable

In August 2013, the Organization obtained a construction loan from its landlord for newly leased space. The loan is to be repaid over an 84 month period at an interest rate of 2% per annum. Interest expense totaled \$4 in 2020 and \$165 in 2019. During 2020 the loan matured and was satisfied in full.

## Delivering Good, Inc.

Notes to Financial Statements  
December 31, 2020 and 2019

### 6. Liquidity and Availability of Resources

The financial assets to meet cash needs for general expenditures within one year are as follows at December 31:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 290,479	\$ 1,604,557
Accounts receivable	496,115	2,149,570
Investments	2,059,468	527,551
Endowment investments	<u>921,436</u>	<u>863,697</u>
Total financial assets	3,767,498	5,145,375
Less amounts unavailable for general expenditure due to:		
Donor restricted amounts held in endowment investments	<u>921,436</u>	<u>863,697</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,846,062</u>	<u>\$ 4,281,678</u>

Amounts not available include amounts set aside for long-term investing from donor-restricted endowments, the income of which could be drawn upon if the governing board approves that action. However, amounts already appropriated from donor-restricted endowments for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

The Organization strives to maintain liquid financial assets sufficient to cover six months of general expenditures. As part of its liquidity plan, excess cash is included in either checking or money market accounts. In addition, the Organization also maintains investments without donor restrictions that can be used to fund expenditures as deemed appropriate by the Board.

## Delivering Good, Inc.

### Notes to Financial Statements December 31, 2020 and 2019

#### 7. Assets Held at Fair Value

The following are major categories of assets measured at fair value on a recurring basis at December 31, grouped by the fair value hierarchy:

	2020			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments at Cost	
Equity mutual funds	\$ 228,029	\$ -	\$ -	\$ 228,029
Fixed income mutual funds	953,483	-	-	953,483
Other	25,656	-	-	25,656
	1,207,168	-	-	1,207,168
Temporary cash investments	-	-	852,300	852,300
Total Investments without Donor Restrictions	1,207,168	-	852,300	2,059,468
Equity mutual funds	376,693	-	-	376,693
Fixed income mutual funds	241,519	-	-	241,519
Other	31,430	271,794	-	303,224
Total Endowment Investments	649,642	271,794	-	921,436
Total Investments	\$ 1,856,810	\$ 271,794	\$ 852,300	\$ 2,980,904

  

	2019			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments at Cost	
Equity mutual funds	\$ 98,891	\$ -	\$ -	98,891
Fixed income mutual funds	416,978	-	-	416,978
Other	11,682	-	-	11,682
	527,551	-	-	527,551
Temporary cash investments	-	-	-	-
Total Investments without Donor Restrictions	527,551	-	-	527,551
Equity mutual funds	346,100	-	-	346,100
Fixed income mutual funds	230,728	-	-	230,728
Other	31,326	255,543	-	286,869
Total Endowment Investments	608,154	255,543	-	863,697
Total Investments	\$ 1,135,705	\$ 255,543	\$ -	\$ 1,391,248

## **Delivering Good, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

### **8. Restricted Cash**

In lieu of a cash security deposit for an operating lease for office space, the Organization had provided an unconditional, irrevocable letter of credit to the landlord, which expired on October 7, 2020. During 2020 the office space lease also expired and the Organization is operating on a month-to-month basis with the landlord until a new office space is secured. The Organization, under the terms of the letter of credit with a bank, previously agreed to maintain a compensating balance equal to the letter of credit. At December 31, 2019, \$67,014 of cash was restricted for the letter of credit.

### **9. Retirement Plan**

The Organization maintains a 401(k) employee benefit plan (the "Plan"), which is an employee benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), and is intended to be a qualified plan under Section 401(k) of the Internal Revenue Code of 1986 (the "Code"). Participants in the Plan may contribute up to 100% of pretax income, subject to the legal limitations, except for participants who were age 50 or older who may make an additional "catch-up" contribution. The Organization makes discretionary contributions to the Plan, which vest ratably over years 2-6 of service to the Organization. For the years ended December 31, 2020 and 2019, the discretionary contributions to the Plan totaled \$43,067 and \$38,415, respectively.

### **10. Concentration of Credit Risk**

Financial instruments that are potentially subject to concentrations of credit risk consist principally of cash, investments and accounts receivable. Accounts receivable are expected to be collected in the normal course of business. At times, cash and investment accounts may be in excess of the federal and securities protection insurance limits. Investments are managed by professional investment advisors and managers, with an objective of diversifying by type of investments and industry concentrations in order that no individual investment or group of investments represents a significant concentration or market risk. There are no significant concentrations with regard to receivables due to the broad donor base of the Organization.

### **11. Contributions In-kind**

The Organization receives merchandise from its supporters and is required to distribute this merchandise to qualified organizations. Donated merchandise is reported as in-kind contributions on the accompanying statement of activities in the amount of \$288,520,619 and \$135,859,880 for the years ended December 31, 2020 and 2019, respectively. The value of the merchandise was recorded at its fair value as of the date of receipt.

The Organization receives pro bono professional services from various vendors for legal and marketing services. Donated services are reported as in-kind contributed professional services on the accompanying statement of activities in the amount of \$27,269 and \$85,423 for the years ended December 31, 2020 and 2019, respectively. The value of the services was recorded at its fair value on the date the service was provided.

## Delivering Good, Inc.

Notes to Financial Statements  
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### 12. Related Party Transactions

Members of the Board of Directors are affiliated with companies that donate products and cash to the Organization. Donated products from these companies for 2020 and 2019 totaled \$58,992,284 and \$30,319,348, respectively, and are included and reported as in-kind contributions on the accompanying statement of activities. Cash contributions from these companies and individuals are included primarily within special events in the accompanying statement of activities in the amounts of \$1,055,792 and \$1,065,064 in 2020 and 2019, respectively.

### 13. Commitments and Contingencies

#### *Operating Lease*

The Organization leased its office space under a seven-year lease, which expired in September 2020, and has continued to operate on a month-to-month basis of \$3,500 per month plus utility costs. The Organization is currently investigating options with the current lessor as well as other opportunities for obtaining a new lease for office space.

For 2020 and 2019, total rent expense was \$71,414 and \$140,188 respectively.

### 14. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	2020	2019
Purpose restrictions:		
Program	\$ -	\$ 197,018
Disaster Relief	10,000	34,524
Time restrictions:		
Program time restrictions	544,656	1,544,895
Endowment investment returns	83,739	63,697
Government grant	223,323	-
Perpetual restrictions:		
Endowment fund	837,697	800,000
	\$ 1,699,415	\$ 2,640,134

Net assets with donor restrictions released from restrictions consisted of the following for the years ended December 31:

	2020	2019
Purpose restrictions	\$ 1,196,170	\$ 249,248
Time restrictions	75,000	112,681
	\$ 1,271,170	\$ 361,929

## Delivering Good, Inc.

Notes to Financial Statements  
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### 15. Endowment

#### *Interpretation of Law*

The Organization follows the New York Prudent Management of Institutional Funds Act (“NYPMIFA”), which requires the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, and except in those cases where the law allows appropriation for spending of the original gift amounts. As a result, the Organization retains in perpetuity (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations of investment returns to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The Organization has one donor-restricted endowment fund: Students Going the Extra Mile Endowment Fund (also known as the Lari Stanton Fund). All investment income from this fund is to be spent for specified charitable purposes. The Organization does not have any funds designated by the Board of Directors that function as an endowment.

#### *Return Objectives and Risk Parameters*

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment.

The Organization utilizes a total return investment approach with its asset allocation diversified over multiple asset classes and sub classes. Endowment return objectives are to provide adequate funding over the long term with a moderate level of risk. In order to achieve this objective, the Organization follows the strategy of weighing the asset allocation to higher return asset classes, including equities, with marginally higher risk characteristics. The total return objective includes the funding of both the current year spending rate amount and the amount required to be retained pursuant to the Board of Director’s interpretation of State law.

#### *Spending Rate Methods*

The Organization invests its endowment fund and allocates the related earnings for expenditure in accordance with the total return concept. The endowment usage is determined in accordance with the policy adopted by the Organization.

The annual appropriations from the endowment fund has been determined to be \$10,000 for 2019; followed by \$16,000 for 2020. Due to the establishment of the endowment fund during the 2019 year, management has determined that it is more prudent to spend the 2019 appropriation in 2020, in addition to the scheduled 2020 appropriation totaling \$26,000. This amount was disbursed in November 2020. For 2021 and beyond, the annual spending rate will be calculated based on the rolling average of the fund’s quarter-end market values over the past twelve (12) quarters (in 2021 and 2022, the formula will be based on all quarters since inception). Barring extraordinary changes in the economic and investment environments, the spending rate will be between 3% and 5%, with a long-run target of 4%.



## Delivering Good, Inc.

Notes to Financial Statements  
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### 15. Endowment (continued)

The following is a reconciliation of the activity in the endowment fund:

	December 31,	
	2020	2019
	With Donor Restrictions	With Donor Restrictions
Balance, beginning of year, endowment funds	\$ 863,697	\$ -
Addition: original gift value	-	800,000
Less: annual spend	(26,000)	-
Investment return, net	<u>83,739</u>	<u>63,697</u>
Balance, end of year, endowment funds	<u>\$ 921,436</u>	<u>\$ 863,697</u>

#### ***Underwater Endowment Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Organization to retain as a fund of perpetual duration. The Organization does not have any funds with deficiencies.

### 16. COVID-19

The full duration and extent of the COVID-19 pandemic, related to business and travel restrictions and changes in behavior intended to reduce its spend are uncertain as of the date of these financial statements were available for issuance, as the pandemic continues to evolve globally. Therefore, the full extent of any adverse impact on the results of operations, financial position and cash flows in fiscal 2021 and beyond cannot be reasonably estimated.

### 17. Paycheck Protection Loan

On April 30, 2020, the Organization received loan proceeds in the amount of \$223,323 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times their 2019 average monthly payroll expenses of the qualifying entity. The PPP loans bear an interest rate of 1% per annum.

All or a portion of the PPP loans principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act as amended by the Economic Aid Act, over a period either eight to twenty-four weeks from the date the loan proceeds are received (the "Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries below a certain threshold during the Covered Period and does not qualify for certain safe harbors. The unforgiven portion of the PPP Loan, if any, is payable within two years from the date of the PPP loan with a deferral of payments of principal and

**Delivering Good, Inc.**

Notes to Financial Statements  
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**17. Paycheck Protection Loan (*continued*)**

interest until the amount of loan forgiveness is approved by the SBA. If the Organization does not apply for forgiveness, payments begin approximately 16 months after the loan date.

The Organization has elected to report the PPP loan proceeds as a conditional grant under requirements contained in ASU 2018-08, "Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made." Accordingly, the Organization recognizes income as the conditions in the PPP are met. For the year ended December 31, 2020, the Organization recognized \$223,323 of the PPP proceeds as government grant income in the statement of activities. The Organization received final approval for loan forgiveness from the SBA on January 27, 2021.

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