

Delivering Good, Inc.

Financial Statements

December 31, 2021 and 2020

Independent Auditors' Report

The Board of Directors Delivering Good, Inc.

Opinion

We have audited the accompanying financial statements of Delivering Good, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibility of Management 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; 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 within 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

PKF O'Connor Davies, LLP

June 27, 2022

Delivering Good, Inc.

Statement of Financial Position

	December 31,	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 702,889	\$ 290,479
Accounts receivable, net	1,211,437	496,115
Prepaid expenses and other assets	23,500	62,496
Investments	1,041,858	2,059,468
Property and equipment, net	6,678	6,105
Endowment investments	<u>992,719</u>	<u>921,436</u>
	<u>\$ 3,979,081</u>	<u>\$ 3,836,099</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 353,728</u>	<u>\$ 317,571</u>
Net Assets		
Without donor restrictions	1,911,523	2,042,436
With donor restrictions	<u>1,713,830</u>	<u>1,476,092</u>
	<u>3,625,353</u>	<u>3,518,528</u>
	<u>\$ 3,979,081</u>	<u>\$ 3,836,099</u>

See notes to financial statements

Delivering Good, Inc.

Statement of Activities

	Year Ended December 31,					
	Without Donor Restrictions	With Donor Restrictions	2021 Total	Without Donor Restrictions	With Donor Restrictions	2020 Total
SUPPORT AND REVENUE						
Contributed merchandise, in-kind	\$ 229,584,336	\$ -	\$ 229,584,336	\$ 288,520,619	\$ -	\$ 288,520,619
Contributed professional services, in-kind	429,826	-	429,826	27,269	-	27,269
Contributions	1,642,619	530,400	2,173,019	1,395,667	23,389	1,419,056
Employee retention credit	69,338	-	69,338	-	-	-
Government grant	-	-	-	223,323	-	223,323
Disaster relief support	-	4,205	4,205	-	-	-
Special events, net of direct costs of \$374,583 and \$178,341 in 2021 and 2020, respectively	1,183,792	-	1,183,792	1,008,511	-	1,008,511
Investment return	62,199	104,241	166,440	84,868	83,739	168,607
Other	18,486	-	18,486	10,111	-	10,111
Net assets released from restrictions	401,108	(401,108)	-	1,271,170	(1,271,170)	-
Total Support and Revenue	<u>233,391,704</u>	<u>237,738</u>	<u>233,629,442</u>	<u>292,541,538</u>	<u>(1,164,042)</u>	<u>291,377,496</u>
EXPENSES						
Programs	231,784,871	-	231,784,871	291,509,058	-	291,509,058
Management and general	960,957	-	960,957	666,494	-	666,494
Fundraising	776,789	-	776,789	700,146	-	700,146
Total Expenses	<u>233,522,617</u>	<u>-</u>	<u>233,522,617</u>	<u>292,875,698</u>	<u>-</u>	<u>292,875,698</u>
Change in Net Assets	(130,913)	237,738	106,825	(334,160)	(1,164,042)	(1,498,202)
NET ASSETS						
Beginning of year	<u>2,042,436</u>	<u>1,476,092</u>	<u>3,518,528</u>	<u>2,376,596</u>	<u>2,640,134</u>	<u>5,016,730</u>
End of year	<u>\$ 1,911,523</u>	<u>\$ 1,713,830</u>	<u>\$ 3,625,353</u>	<u>\$ 2,042,436</u>	<u>\$ 1,476,092</u>	<u>\$ 3,518,528</u>

See notes to financial statements

Delivering Good, Inc.

Statement of Functional Expenses

	Year Ended									
	2021			2020						
	Programs	Management and General	Fundraising	Cost of Direct Benefits To Donors	2021 Total	Programs	Management and General	Fundraising	Cost of Direct Benefits To Donors	2020 Total
Merchandise donated	\$ 229,584,336	\$ -	\$ -	\$ -	\$ 229,584,336	\$ 288,520,619	\$ -	\$ -	\$ -	\$ 288,520,619
Contributed professional services	-	206,316	223,510	-	429,826	-	13,089	14,180	-	27,269
Freight charges	669,480	-	-	1,750	671,230	1,417,236	-	-	-	1,417,236
Salaries and wages	931,672	474,626	351,574	-	1,757,872	709,087	356,388	390,336	-	1,455,811
Payroll taxes and employee benefits	170,090	86,650	64,185	-	320,925	131,905	66,295	72,611	-	270,811
Merchandise purchased	163,721	-	-	-	163,721	331,136	-	-	-	331,136
Professional fees	59,987	23,994	35,992	-	119,973	76,923	30,769	46,154	-	153,846
Consulting fees	76,188	30,474	45,713	103,003	255,378	143,094	48,347	72,521	124,062	388,024
Advertising and promotion	2,132	-	1,422	104,812	108,366	14,518	-	9,678	24,575	48,771
Office expenses	16,929	8,624	6,388	8,788	40,729	17,735	8,913	9,763	101	36,512
Information technology	45,444	23,150	17,149	-	85,743	55,341	27,815	30,464	3,143	116,763
Occupancy	25,875	13,181	9,764	-	48,820	34,784	17,482	19,148	-	71,414
Travel and entertainment	3,323	-	831	132,773	136,927	2,054	-	513	8,284	10,851
Meetings	6,154	1,679	3,357	-	11,190	12,810	3,493	6,987	-	23,290
Gift cards (disaster relief)	1,773	-	-	-	1,773	230	-	-	-	230
Bad debt	-	74,672	-	-	74,672	-	64,500	-	-	64,500
Depreciation and amortization	2,859	1,457	1,079	-	5,395	12,294	6,179	6,768	-	25,241
Insurance	-	8,281	-	-	8,281	-	13,041	-	-	13,041
State registration fees	7,727	-	6,321	-	14,048	6,822	-	5,581	-	12,403
Bank fees	3,462	865	4,327	22,457	31,111	4,392	1,097	5,490	15,926	26,905
Miscellaneous	13,719	6,988	5,177	1,000	26,884	18,078	9,086	9,952	2,250	39,366
Total Functional Expenses	231,784,871	960,957	776,789	374,583	233,897,200	291,509,058	666,494	700,146	178,341	293,054,039
Less: cost of direct benefits to donors	-	-	-	(374,583)	(374,583)	-	-	-	(178,341)	(178,341)
Total Expenses Reported by Function on the Statement of Activities	\$ 231,784,871	\$ 960,957	\$ 776,789	\$ -	\$ 233,522,617	\$ 291,509,058	\$ 666,494	\$ 700,146	\$ -	\$ 292,875,698

See notes to financial statements

Delivering Good, Inc.

Statement of Cash Flows

	Year Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 106,825	\$ (1,498,202)
Adjustments to reconcile change in net assets to net cash from operating activities		
Unrealized and realized (gain) loss on investments	60,097	(131,281)
Depreciation and amortization	5,395	25,241
Deferred rent	-	(24,231)
Endowment contribution	(12,311)	-
Bad debt	74,672	64,500
Change in operating assets and liabilities		
Accounts receivable	(789,994)	1,588,955
Prepaid expenses and other assets	38,996	5,727
Accounts payable and accrued expenses	36,157	51,599
Net cash from operating activities	(480,163)	82,308
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(5,968)	-
Proceeds from sale of investments	1,387,891	-
Purchase of investments	(501,661)	(1,458,375)
Net cash from investing activities	880,262	(1,458,375)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments on loan payable	-	(5,025)
Endowment contribution	12,311	-
Net cash from financing activities	12,311	(5,025)
 Net change in cash	 412,410	 (1,381,092)
Cash, beginning of the year	290,479	1,671,571
Cash, end of the year	\$ 702,889	\$ 290,479

See notes to financial statements

Delivering Good, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

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.

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, 2021 and 2020, the allowance for doubtful accounts totaled \$24,572 and \$30,500, respectively.

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.

Delivering Good, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

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, 2021 and 2020.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable 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.

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.

Delivering Good, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

Net Assets (continued)

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.

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.

Delivering Good, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

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

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, 2018.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements in order to conform to the 2021 presentation.

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 June 27, 2022 and has determined that there were no subsequent events or transactions which would require recognition and disclosure in the financial statements.

3. Accounts Receivable

Accounts receivable consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Grants and contributions receivable	\$ 1,034,228	\$ 276,615
Event revenue receivables	<u>201,781</u>	<u>250,000</u>
	1,236,009	526,615
Allowance for doubtful accounts	<u>(24,572)</u>	<u>(30,500)</u>
	<u>\$ 1,211,437</u>	<u>\$ 496,115</u>

Delivering Good, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

4. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 220,431	\$ 220,431
Furniture and fixtures	805	805
Office equipment	<u>52,351</u>	<u>46,383</u>
	273,587	267,619
Accumulated depreciation and amortization	<u>(266,909)</u>	<u>(261,514)</u>
	<u>\$ 6,678</u>	<u>\$ 6,105</u>

5. 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>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 702,889	\$ 290,479
Accounts receivable, net	1,211,437	496,115
Investments	1,041,858	2,059,468
Endowment investments	<u>992,719</u>	<u>921,436</u>
Total financial assets	3,948,903	3,767,498
Less amounts unavailable for general expenditure due to:		
Net assets with donor restrictions	721,111	554,656
Donor restricted amounts held in endowment investments	<u>992,719</u>	<u>921,436</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,235,073</u>	<u>\$ 2,291,406</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, 2021 and 2020

6. 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:

	2021			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments at Cost	
Equity mutual funds	\$ 186,440	\$ -	\$ -	\$ 186,440
Fixed income mutual funds	806,791	-	-	806,791
Other	21,747	-	-	21,747
	<u>1,014,978</u>	<u>-</u>	<u>-</u>	<u>1,014,978</u>
Temporary cash investments	-	-	26,880	26,880
Total Investments without Donor Restrictions	<u>1,014,978</u>	<u>-</u>	<u>26,880</u>	<u>1,041,858</u>
Equity mutual funds	559,322	-	-	559,322
Fixed income mutual funds	378,499	-	-	378,499
Other	54,898	-	-	54,898
Total Endowment Investments	<u>992,719</u>	<u>-</u>	<u>-</u>	<u>992,719</u>
Total Investments	<u>\$ 2,007,697</u>	<u>\$ -</u>	<u>\$ 26,880</u>	<u>\$ 2,034,577</u>

	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
	<u>1,207,168</u>	<u>-</u>	<u>-</u>	<u>1,207,168</u>
Temporary cash investments	-	-	852,300	852,300
Total Investments without Donor Restrictions	<u>1,207,168</u>	<u>-</u>	<u>852,300</u>	<u>2,059,468</u>
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	<u>649,642</u>	<u>271,794</u>	<u>-</u>	<u>921,436</u>
Total Investments	<u>\$ 1,856,810</u>	<u>\$ 271,794</u>	<u>\$ 852,300</u>	<u>\$ 2,980,904</u>

Delivering Good, Inc.

Notes to Financial Statements
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7. Retirement Plan

The Organization maintains a 401(k) employee benefit plan (the "Plan"), which is 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 2-6 years of service to the Organization. For the years ended December 31, 2021 and 2020, the discretionary contributions to the Plan totaled \$42,087 and \$43,067, respectively.

8. 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. There are no significant concentrations with regard to receivables due to the broad donor base of the Organization. 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.

9. 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 \$229,584,336 and \$288,520,619 for the years ended December 31, 2021 and 2020, 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 \$429,826 and \$27,269 for the years ended December 31, 2021 and 2020, respectively. The value of the services was recorded at its fair value on the date the service was provided.

10. 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 2021 and 2020 totaled \$129,129,986 and \$58,992,284, 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 \$1,044,258 and \$1,055,792 in 2021 and 2020, respectively.

Delivering Good, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

11. 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 2021 and 2020, total rent expense was \$48,820 and \$71,414 respectively.

12. Net Assets with Donor Restrictions

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

Note 13. Net Assets With Donor Restrictions

	2021	2020
Purpose restrictions:		
Disaster Relief	\$ 13,954	\$ 10,000
Time restrictions:		
Program time restrictions	710,305	544,656
Endowment investment returns	93,871	83,739
Perpetual restrictions:		
Endowment fund	895,700	837,697
	<u>\$ 1,713,830</u>	<u>\$ 1,476,092</u>

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

	2021	2020
Purpose restrictions	\$ 401,108	\$ 1,196,170
Time restrictions	-	75,000
	<u>\$ 401,108</u>	<u>\$ 1,271,170</u>

13. 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

Delivering Good, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

13. Endowment (continued)

Interpretation of Law (continued)

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 was 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-term target of 4%.

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13. Endowment (continued)

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

	December 31,	
	2021	2020
	With Donor Restrictions	With Donor Restrictions
Balance, beginning of year, endowment funds	\$ 921,436	\$ 863,697
Addition: contribution	12,311	-
Less: annual spend	(34,899)	(26,000)
Investment return, net	<u>93,871</u>	<u>83,739</u>
Balance, end of year, endowment funds	<u>\$ 992,719</u>	<u>\$ 921,436</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.

14. 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 2022 and beyond cannot be reasonably estimated.

15. 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 loan 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 two

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15. Paycheck Protection Loan (*continued*)

years from the date of the PPP loan with a deferral of payments of principal and 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.

16. Employee Retention Credit

During 2021, the Organization qualified for the Employee Retention Credit ("ERC") which is a refundable payroll tax credit for employers who had operations fully or partially suspended due to orders from a governmental authority or whose revenues decreased by a specified threshold. When eligible, an entity can claim a refund in excess of the payroll taxes paid based upon the amount of qualified wages and health insurance paid. Because the amount of the credit is in excess of the payroll taxes paid, the ERC is considered a conditional government grant. The Organization has recognized \$69,338 of income for the year ended December 31, 2021. As of December 31, 2021, the Organization has a receivable of \$69,338. The payment for these funds was received by the Organization in February 2022.

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