

**Delivering Good, Inc.**

Financial Statements

December 31, 2023 and 2022

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

### ***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 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*

July 8, 2024

## Delivering Good, Inc.

### Statement of Financial Position

	December 31,	
	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash	\$ 384,420	\$ 916,973
Contributions receivable, net	1,077,899	411,900
Prepaid expenses and other assets	68,978	115,733
Investments	933,929	949,840
Property and equipment, net	2,087	4,436
Endowment investments	850,886	790,603
Right of use asset, net	<u>322,249</u>	<u>-</u>
	<u>\$ 3,640,448</u>	<u>\$ 3,189,485</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 305,999	\$ 221,699
Operating lease liabilities	<u>322,538</u>	<u>-</u>
Total Liabilities	<u>628,537</u>	<u>221,699</u>
Net Assets		
Without donor restrictions	1,454,590	1,537,275
With donor restrictions	<u>1,557,321</u>	<u>1,430,511</u>
Total Net Assets	<u>3,011,911</u>	<u>2,967,786</u>
	<u>\$ 3,640,448</u>	<u>\$ 3,189,485</u>

See notes to financial statements

# Delivering Good, Inc.

## Statement of Activities

	Year Ended December 31,					
	Without Donor Restrictions	With Donor Restrictions	2023 Total	Without Donor Restrictions	With Donor Restrictions	2022 Total
<b>SUPPORT AND REVENUE</b>						
Contributed merchandise, in-kind	\$ 146,079,347	\$ -	\$ 146,079,347	\$ 154,884,459	\$ -	\$ 154,884,459
Contributed professional services, in-kind	53,980	-	53,980	437,194	-	437,194
Contributions	1,586,375	575,706	2,162,081	840,117	347,500	1,187,617
Disaster relief support	42,929	150,025	192,954	6,380	344,287	350,667
Special events, net of direct costs of \$549,519 and \$481,265 in 2023 and 2022, respectively	1,409,447	-	1,409,447	2,093,661	-	2,093,661
Investment return	164,359	-	164,359	(285,332)	-	(285,332)
Other	13,085	-	13,085	1,507	-	1,507
Net assets released from restrictions	598,921	(598,921)	-	975,106	(975,106)	-
<b>Total Support and Revenue</b>	<b>149,948,443</b>	<b>126,810</b>	<b>150,075,253</b>	<b>158,953,092</b>	<b>(283,319)</b>	<b>158,669,773</b>
<b>EXPENSES</b>						
Programs	148,380,878	-	148,380,878	157,258,268	-	157,258,268
Management and general	983,600	-	983,600	1,039,588	-	1,039,588
Fundraising	666,650	-	666,650	1,029,484	-	1,029,484
<b>Total Expenses</b>	<b>150,031,128</b>	<b>-</b>	<b>150,031,128</b>	<b>159,327,340</b>	<b>-</b>	<b>159,327,340</b>
 Change in Net Assets	 (82,685)	 126,810	 44,125	 (374,248)	 (283,319)	 (657,567)
<b>NET ASSETS</b>						
Beginning of year	1,537,275	1,430,511	2,967,786	1,911,523	1,713,830	3,625,353
End of year	\$ 1,454,590	\$ 1,557,321	\$ 3,011,911	\$ 1,537,275	\$ 1,430,511	\$ 2,967,786

See notes to financial statements

# Delivering Good, Inc.

## Statement of Functional Expenses

	Year Ended December 31,											
	2023			2022			2023			2022		
	Programs	Management and General	Fundraising	Cost of Direct Benefits To Donors	2023 Total	Programs	Management and General	Fundraising	Cost of Direct Benefits To Donors	2022 Total		
Merchandise donated	\$ 146,079,347	\$ -	\$ -	\$ -	\$ 146,079,347	\$ 154,884,459	\$ -	\$ -	\$ -	\$ 154,884,459		
Contributed professional services	-	53,980	-	-	53,980	-	218,597	218,597	-	437,194		
Freight charges	907,725	-	-	-	907,725	697,324	-	-	-	697,324		
Salaries and wages	783,773	564,573	426,842	-	1,775,188	800,048	444,471	533,365	-	1,777,884		
Payroll taxes and employee benefits	147,962	106,581	80,580	-	335,123	158,883	88,268	105,922	-	353,073		
Merchandise purchased	169,323	-	-	-	169,323	380,259	-	-	-	380,259		
Professional fees	61,641	24,656	36,985	-	123,282	26,966	10,786	16,180	-	53,932		
Consulting fees	-	-	-	161,137	161,137	107,280	42,912	64,368	150,293	364,853		
Advertising and promotion	6,069	-	4,046	182,528	192,643	7,928	-	5,285	55,384	68,597		
Office expenses	77,072	60,500	41,971	19,375	198,918	14,726	8,181	9,818	12,006	44,731		
Information technology	48,056	34,616	26,171	-	108,843	35,824	19,904	23,884	-	79,612		
Occupancy	50,986	36,727	27,767	-	115,480	34,798	19,332	23,199	-	77,329		
Travel and entertainment	4,901	-	1,225	152,704	158,830	16,719	-	4,180	225,223	246,122		
Meetings	11,144	3,039	6,079	-	20,262	305	83	167	-	555		
Gift cards (disaster relief)	17,526	-	-	-	17,526	-	-	-	-	-		
Bad debt	-	91,450	-	-	91,450	-	104,831	-	-	104,831		
Depreciation and amortization	1,037	747	565	-	2,349	1,495	831	997	-	3,323		
Insurance	-	5,087	-	-	5,087	-	8,584	-	-	8,584		
State registration fees	7,906	-	6,468	-	14,374	9,005	-	7,367	-	16,372		
Bank fees	6,322	1,581	7,903	33,194	49,000	7,250	1,813	9,063	36,914	55,040		
Recruiting	-	-	-	-	-	65,086	65,086	-	-	130,172		
Miscellaneous	88	63	48	581	780	9,913	5,909	7,092	1,445	24,359		
<b>Total Functional Expenses</b>	<b>148,380,878</b>	<b>983,600</b>	<b>666,650</b>	<b>549,519</b>	<b>150,580,647</b>	<b>157,258,268</b>	<b>1,039,588</b>	<b>1,029,484</b>	<b>481,265</b>	<b>159,808,605</b>		
Less: cost of direct benefits to donors	-	-	-	(549,519)	(549,519)	-	-	-	(481,265)	(481,265)		
<b>Total Expenses Reported by Function on the Statement of Activities</b>	<b>\$ 148,380,878</b>	<b>\$ 983,600</b>	<b>\$ 666,650</b>	<b>\$ -</b>	<b>\$ 150,031,128</b>	<b>\$ 157,258,268</b>	<b>\$ 1,039,588</b>	<b>\$ 1,029,484</b>	<b>\$ -</b>	<b>\$ 159,327,340</b>		

See notes to financial statements

## Delivering Good, Inc.

### Statement of Cash Flows

	Year Ended December 31	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 44,125	\$ (657,567)
Adjustments to reconcile change in net assets to net cash from operating activities		
Unrealized and realized (gain) loss on investments	(106,980)	312,028
Depreciation and amortization	2,349	3,322
Amortization of right of use asset	8,634	-
Bad debt	91,450	104,831
Change in operating assets and liabilities		
Contributions receivable	(757,449)	694,706
Prepaid expenses and other assets	46,755	(92,233)
Accounts payable and accrued expenses	84,300	(132,029)
Operating lease liabilities	(9,500)	-
Net Cash from Operating Activities	(596,316)	233,058
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	-	(1,080)
Proceeds from sale of investments	344,986	449,398
Purchase of investments	(281,223)	(467,292)
Net Cash from Investing Activities	63,763	(18,974)
Net Change in Cash	(532,553)	214,084
Cash, beginning of the year	916,973	702,889
Cash, end of the year	\$ 384,420	\$ 916,973

See notes to financial statements

## **Delivering Good, Inc.**

Notes to Financial Statements  
December 31, 2023 and 2022

### **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.

#### ***Contributions Receivable***

Contributions 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 contributions receivable. As of December 31, 2023 and 2022, the allowance for doubtful accounts totaled \$15,000 and \$45,100, 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.



## **Delivering Good, Inc.**

Notes to Financial Statements  
December 31, 2023 and 2022

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

#### ***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, 2023 and 2022.

#### ***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.

## **Delivering Good, Inc.**

Notes to Financial Statements  
December 31, 2023 and 2022

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

#### ***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.

#### ***Contributed Non-Financial Assets***

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 its 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, 2023 and 2022

### 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.

#### ***Leases***

The Organization determines if an arrangement is or contains a lease at inception. The Organization leases office space and reflects the right of use asset ("ROU asset") and lease liabilities on the statement of financial position. The ROU asset and lease liabilities reflect the present value of the future minimum lease payments over the lease terms. Operating lease expense is recognized on a straight-line basis over the lease terms. The Organization does not report ROU asset and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease terms. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

#### ***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, 2020.

#### ***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 8, 2024 and has determined that there were no subsequent events or transactions which would require recognition and disclosure in the financial statements.

### 3. Contributions receivable

Contributions receivable consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Grants and contributions receivable	\$ 969,399	\$ 260,600
Event revenue receivables	<u>123,500</u>	<u>196,400</u>
	1,092,899	457,000
Allowance for doubtful accounts	<u>(15,000)</u>	<u>(45,100)</u>
	<u>\$ 1,077,899</u>	<u>\$ 411,900</u>

## Delivering Good, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

### 4. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 220,431	\$ 220,431
Furniture and fixtures	805	805
Office equipment	<u>53,430</u>	<u>53,430</u>
	274,666	274,666
Accumulated depreciation and amortization	<u>(272,579)</u>	<u>(270,230)</u>
	<u>\$ 2,087</u>	<u>\$ 4,436</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>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 384,420	\$ 916,973
Accounts receivable, net	1,077,899	411,900
Investments	933,929	949,840
Endowment investments	<u>850,886</u>	<u>790,603</u>
Total financial assets	3,247,134	3,069,316
Less amounts unavailable for general expenditure due to:		
Net assets with donor restrictions	706,435	639,908
Donor restricted amounts held in endowment investments	<u>850,886</u>	<u>790,603</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,689,813</u>	<u>\$ 1,638,805</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 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, 2023 and 2022

### 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:

	2023		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Investments at Cost	Total
Equity mutual funds	\$ 112,485	\$ -	\$ 112,485
Fixed income mutual funds	439,355	-	439,355
Other	11,121	-	11,121
	562,961	-	562,961
Temporary cash investments	-	370,968	370,968
Total Investments without Donor Restrictions	562,961	370,968	933,929
Equity mutual funds	467,005	-	467,005
Fixed income mutual funds	327,149	-	327,149
Other	56,732	-	56,732
Total Endowment Investments	850,886	-	850,886
Total Investments	\$ 1,413,847	\$ 370,968	\$ 1,784,815
	2022		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Investments at Cost	Total
Equity mutual funds	\$ 94,691	\$ -	\$ 94,691
Fixed income mutual funds	416,348	-	416,348
Other	10,633	-	10,633
	521,672	-	521,672
Temporary cash investments	-	428,168	428,168
Total Investments without Donor Restrictions	521,672	428,168	949,840
Equity mutual funds	413,647	-	413,647
Fixed income mutual funds	323,005	-	323,005
Other	53,951	-	53,951
Total Endowment Investments	790,603	-	790,603
Total Investments	\$ 1,312,275	\$ 428,168	\$ 1,740,443

## Delivering Good, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

### 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, 2023 and 2022, the discretionary contributions to the Plan totaled \$53,589 and \$44,318, respectively.

### 8. Concentration of Credit Risk

Financial instruments that are potentially subject to concentrations of credit risk consist principally of cash, investments and Contributions receivable. Contributions 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. Contributed Non-Financial Assets

The Organization received contributed non-financial assets as follows for the year ended December 31, 2023:

	<u>Amount</u>	<u>Usage in Program/Activities</u>	<u>Donor Restriction</u>
Merchandise	\$ 146,079,347	Programs	None
Professional services	<u>53,980</u>	Management and fundraising	None
	<u>\$ 146,133,327</u>		

The Organization received contributed non-financial assets as follows for the year ended December 31, 2022:

	<u>Amount</u>	<u>Usage in Program/Activities</u>	<u>Donor Restriction</u>
Merchandise	\$ 154,884,459	Programs	None
Professional services	<u>437,194</u>	Management and fundraising	None
	<u>\$ 155,321,653</u>		

## Delivering Good, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

### 9. Contributed Non-Financial Assets *(continued)*

The value of the merchandise was recorded at its fair value as of the date of receipt and is based on the estimated values that would have been received by the donors for selling similar products. The value of the services was recorded at its fair value on the date the service was provided and is based on established rates for those services.

### 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 2023 and 2022 totaled \$36,292,210 and \$70,511,009, 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 \$862,009 and \$1,088,726 in 2023 and 2022, respectively.

### 11. Commitments and Contingencies

#### *Operating Lease*

As of December 31, 2023, the Organization has one operating lease for office space through November 2026. The weighted average remaining lease term for the Organization's operating lease was 3 years and the weighted average discount rate was 4.31%. The ROU asset as of December 31, 2023 was \$322,249, net of accumulated amortization of \$8,634. Cash paid for operating leases for the year ended December 31, 2023 was \$9,500.

Future minimum lease payments under non-cancelable leases as of December 31, 2023 are as follows:

	Operating Lease
2024	\$ 114,285
2025	117,714
2026	110,864
Total future minimum payments	342,863
Less: imputed interest	(20,325)
Total lease liabilities	<u>\$ 322,538</u>

For 2023 and 2022, total rent expense was \$110,870 and \$77,329, respectively.

## Delivering Good, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

### 12. Net Assets with Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Purpose restrictions:		
Disaster Relief	\$ 140,341	\$ 163,067
Time restrictions:		
Program time restrictions	569,241	479,989
Endowment investment returns	60,283	(202,116)
Perpetual restrictions:		
Endowment fund	787,456	989,571
	<u>\$ 1,557,321</u>	<u>\$ 1,430,511</u>

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

	<u>2023</u>	<u>2022</u>
Purpose restrictions	\$ 555,998	\$ 772,991
Time restrictions	42,923	202,115
	<u>\$ 598,921</u>	<u>\$ 975,106</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 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.



## Delivering Good, Inc.

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

#### **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 spending rate will be calculated based on the rolling average of the fund's quarter-end market values over the past twelve quarters. 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%.

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

	December 31,	
	2023	2022
	With Donor Restrictions	With Donor Restrictions
Balance, beginning of year, endowment funds	\$ 790,603	\$ 992,719
Less: annual spend	(37,993)	(35,726)
Investment return	<u>98,276</u>	<u>(166,390)</u>
Balance, end of year, endowment funds	<u>\$ 850,886</u>	<u>\$ 790,603</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.

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