



CHRISTIAN HERALD ASSOCIATION, INC.  
AND SUBSIDIARIES

Consolidated and Combined  
Financial Statements  
With Independent Auditors' Report

September 30, 2019 and 2018

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Christian Herald Association, Inc. and Subsidiaries  
New York, New York

We have audited the accompanying consolidated and combined financial statements of Christian Herald Association Inc. and Subsidiaries, which comprise the consolidated and combined statements of financial position as of September 30, 2019 and 2018, and the related consolidated and combined statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated and combined financial statements.

### ***Management's Responsibility for the Consolidated and Combined Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated and combined 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 consolidated and combined 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 consolidated and combined financial statements based on our audits. We did not audit the prior year financial statements of New York City Rescue Mission, Inc., a subsidiary, which statements reflect total net assets of \$22,318,295 as of September 30, 2018. We also did not audit the prior year financial statements of Goodwill Rescue Mission, Inc., a subsidiary, which statements reflect total net assets of \$2,076,170 as of September 30, 2018. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for New York City Rescue Mission, Inc. and Goodwill Rescue Mission, Inc. for the year ended September 30, 2018, is based solely on the reports of the other auditors. 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 audits to obtain reasonable assurance about whether the consolidated and combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated and combined 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 organization'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 consolidated and combined financial statements.

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

Board of Directors  
Christian Herald Association, Inc. and Subsidiaries  
New York, New York

***Opinion***

In our opinion, based on our audits and the report of the other auditors (New York City Rescue Mission, Inc. and Goodwill Rescue Mission, Inc. as of and for the year ended September 30, 2018), the consolidated and combined financial statements referred to above present fairly, in all material respects, the consolidated and combined financial position of Christian Herald Association, Inc. and Subsidiaries as of September 30, 2019 and 2018, and the changes in consolidated and combined net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of a Matter***

Christian Herald Association, Inc. and Subsidiaries has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. This has had a material effect on the presentation of the September 30, 2019 and 2018, consolidated and combined financial statements. Our opinion is not modified with respect to this matter.

*Capin Crouse LLP*

New York, New York  
November 18, 2020

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidated and Combined Statements of Financial Position

	September 30,	
	2019	2018
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 2,234,111	\$ 1,853,603
Accounts receivable	96,153	161,290
Government grants receivable	189,680	189,680
Pledges receivable-net	2,092,905	2,569,346
Prepaid expenses	237,226	328,755
Deposits and other assets	399,448	284,588
Investments	7,170,884	13,531,442
Land, buildings and equipment-net	46,895,259	46,864,432
Beneficial interest in perpetual trusts	1,658,699	1,724,750
	<u>60,974,365</u>	<u>67,507,886</u>
Total Assets	<u>\$ 60,974,365</u>	<u>\$ 67,507,886</u>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,174,088	\$ 1,281,314
Deferred revenue	173,074	64,225
Post-retirement benefits payable	1,016,963	956,723
Deferred compensation liability	130,412	121,665
Note and lines of credit payable	3,959,193	4,004,395
Notes payable - recoverable subsidies	4,540,000	4,540,000
	<u>11,993,730</u>	<u>10,968,322</u>
Total liabilities	<u>11,993,730</u>	<u>10,968,322</u>
Net assets:		
Without donor restrictions	38,574,226	44,365,525
With donor restrictions	10,406,409	12,174,039
	<u>48,980,635</u>	<u>56,539,564</u>
Total net assets	<u>48,980,635</u>	<u>56,539,564</u>
Total Liabilities and Net Assets	<u>\$ 60,974,365</u>	<u>\$ 67,507,886</u>

See notes to consolidated and combined financial statements

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidated and Combined Statements of Activities

	Year Ended September 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS:						
Support:						
Contributions	\$ 11,372,532	\$ 1,751,375	\$ 13,123,907	\$ 11,195,396	\$ 2,412,863	\$ 13,608,259
Special events-net (Note 11)	1,294,924	-	1,294,924	1,582,483	-	1,582,483
Gifts-in-kind	7,327,285	-	7,327,285	5,629,169	-	5,629,169
Volunteer services	193,269	-	193,269	151,347	-	151,347
Total support	20,188,010	1,751,375	21,939,385	18,558,395	2,412,863	20,971,258
Revenue:						
Dividends and interest (net of fees)	105,900	140,665	246,565	177,585	149,049	326,634
Retreat center, camp fees, and after school program	445,177	-	445,177	391,511	-	391,511
Other income	168,455	-	168,455	161,481	-	161,481
Total revenue	719,532	140,665	860,197	730,577	149,049	879,626
Reclassifications:						
Satisfaction of restrictions	3,449,518	(3,449,518)	-	3,129,912	(3,129,912)	-
Total Support, Revenue and Reclassifications	24,357,060	(1,557,478)	22,799,582	22,418,884	(568,000)	21,850,884

(continued)

See notes to consolidated and combined financial statements

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidated and Combined Statements of Activities

(continued)

	Year Ended September 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services:						
The Bowery Mission and Women's Center	14,092,509	-	14,092,509	10,424,004	-	10,424,004
Mont Lawn Summer and City Camps and Retreat Center	1,867,032	-	1,867,032	2,347,472	-	2,347,472
New York City Rescue Mission	3,936,727	-	3,936,727	4,612,221	-	4,612,221
Goodwill Rescue Mission	1,536,805	-	1,536,805	1,362,226	-	1,362,226
Total program services	21,433,073	-	21,433,073	18,745,923	-	18,745,923
Supporting services:						
Management and general	2,164,749	-	2,164,749	2,165,315	-	2,165,315
Fundraising	6,118,762	-	6,118,762	5,235,359	-	5,235,359
Total supporting activities	8,283,511	-	8,283,511	7,400,674	-	7,400,674
Total Expenses	29,716,584	-	29,716,584	26,146,597	-	26,146,597
Change in Net Assets Before Other Changes	(5,359,524)	(1,557,478)	(6,917,002)	(3,727,713)	(568,000)	(4,295,713)

(continued)

See notes to consolidated and combined financial statements

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidated and Combined Statements of Activities

(continued)

	Year Ended September 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Other Changes in Net Assets:						
Realized and unrealized gain (loss) on investments	(367,840)	(144,101)	(511,941)	153,793	250,679	404,472
Change in liability for post-retirement benefits	(63,935)	-	(63,935)	184,335	-	184,335
Change in value of perpetual trusts	-	(66,051)	(66,051)	-	162,491	162,491
Acquisition of New York City Rescue Mission, Inc. (Note 15)	-	-	-	22,611,172	140,719	22,751,891
Total Other Changes in Net Assets	(431,775)	(210,152)	(641,927)	22,949,300	553,889	23,503,189
Change in Net Assets	(5,791,299)	(1,767,630)	(7,558,929)	19,221,587	(14,111)	19,207,476
Net Assets, Beginning of Year	44,365,525	12,174,039	56,539,564	25,143,938	12,188,150	37,332,088
Net Assets, End of Year	<u>\$ 38,574,226</u>	<u>\$ 10,406,409</u>	<u>\$ 48,980,635</u>	<u>\$ 44,365,525</u>	<u>\$ 12,174,039</u>	<u>\$ 56,539,564</u>

See notes to consolidated and combined financial statements



# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidated and Combined Statements of Cash Flows

	Year Ended September 30,	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (7,558,929)	\$ 19,207,476
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,233,775	1,058,162
Realized and unrealized (gain) loss on investments	511,941	(404,472)
Change in value of beneficial interest in perpetual trusts	66,051	(162,491)
Contributions for acquisition of land, buildings and equipment	(10,500)	-
Bad debt expense - pledges receivable	85,412	131,700
Acquisition of New York City Rescue Mission, Inc., less cash received (Note 15)	-	(22,570,410)
Changes in:		
Accounts receivable	65,137	(97,341)
Government grants receivable	-	258,709
Pledges receivable	(358,971)	(1,364,136)
Prepaid expenses	91,529	186,588
Deposits and other assets	(114,860)	54,551
Accounts payable and accrued expenses	892,774	(406,075)
Deferred revenue	108,849	35,943
Post-retirement benefits payable	60,240	(184,335)
Deferred compensation liability	8,747	10,943
Net Cash Used by Operating Activities	<u>(4,918,805)</u>	<u>(4,245,188)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(11,589,478)	(11,497,736)
Proceeds from sale of investments	17,438,095	15,067,113
Acquisition of land, buildings and equipment	(1,264,602)	(1,903,979)
Net Cash Provided by Investing Activities	<u>4,584,015</u>	<u>1,665,398</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions for acquisition of land, buildings and equipment	760,500	1,520,000
Proceeds from borrowing on lines of credit	300,000	2,521,294
Principal payments on note and lines of credit payable	(345,202)	(984,012)
Net Cash Provided by Financing Activities	<u>715,298</u>	<u>3,057,282</u>
Change in Cash and Cash Equivalents	380,508	477,492
Cash and Cash Equivalents, Beginning of Year	<u>1,853,603</u>	<u>1,376,111</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,234,111</u></u>	<u><u>\$ 1,853,603</u></u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid for interest	<u><u>\$ 202,125</u></u>	<u><u>\$ 125,769</u></u>

See notes to consolidated and combined financial statements

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidated and Combined Statement of Functional Expenses

Year Ended September 30, 2019

With Summarized Comparative Totals For The Year Ended September 30, 2018

	2019									2018	
	Program Services					Supporting Services					
	The Bowery Mission and Women's Center	Mont Lawn Summer and City Camps and Retreat Center	New York City Rescue Mission	Goodwill Rescue Mission	Total Program Services	Management and General	Fundraising	Total Supporting Services	Cost of Direct Benefit to Donors	Total	Total
Salaries and benefits	\$ 5,466,372	\$ 1,050,565	\$ 1,381,115	\$ 772,275	\$ 8,670,327	\$ 889,437	\$ 2,772,722	\$ 3,662,159	\$ -	\$ 12,332,486	\$ 11,444,011
Gifts-in-kind distributed	2,683,683	-	-	-	2,683,683	-	-	-	-	2,683,683	1,333,414
Food	1,487,252	117,491	1,170,034	280,863	3,055,640	164	-	164	-	3,055,804	3,069,330
Occupancy	716,892	249,844	196,035	130,582	1,293,353	212,103	295,173	507,276	-	1,800,629	1,775,595
Advertising and promotion	4,151	-	-	-	4,151	-	168,427	168,427	-	172,578	272,162
Professional fees, consulting and outside services	570,728	41,510	253,016	7,332	872,586	586,894	2,068,553	2,655,447	-	3,528,033	2,907,809
Volunteer services	166,475	1,989	29,810	-	198,274	-	191	191	-	198,465	151,347
Program and general supplies	1,643,684	62,650	546,366	173,706	2,426,406	3,748	34,617	38,365	-	2,464,771	2,112,476
Printing and postage	3,245	833	-	228	4,306	2,287	42,819	45,106	-	49,412	148,705
Insurance	103,174	46,558	36,980	17,568	204,280	74,272	269	74,541	-	278,821	217,453
Interest	-	-	-	-	-	202,125	-	202,125	-	202,125	125,769
Travel and transportation	178,360	61,264	10,902	9,027	259,553	6,688	60,050	66,738	-	326,291	300,678
Telephone and communications	83,374	15,927	25,304	15,702	140,307	6,479	17,491	23,970	-	164,277	157,620
Equipment and maintenance	197,264	2,670	32,143	910	232,987	81,739	233,575	315,314	-	548,301	323,600
Staff training and development	83,497	39,542	8,836	4,279	136,154	11,003	22,936	33,939	-	170,093	98,948
Dues, subscriptions, and books	12,621	11,763	3,938	130	28,452	6,304	32,776	39,080	-	67,532	72,820
Bank and credit card fees	-	48	-	4,302	4,350	35,298	97,975	133,273	-	137,623	139,342
Bad debt expense	-	-	-	-	-	-	85,412	85,412	-	85,412	131,700
Other expenses	37,983	-	1,607	778	40,368	14,020	162,085	176,105	272,342	488,815	505,722
Depreciation	653,754	164,378	240,641	119,123	1,177,896	32,188	23,691	55,879	-	1,233,775	1,058,162
Total expenses	14,092,509	1,867,032	3,936,727	1,536,805	21,433,073	2,164,749	6,118,762	8,283,511	272,342	29,988,926	26,346,663
Less: cost of direct benefit to donors	-	-	-	-	-	-	-	-	(272,342)	(272,342)	(200,066)
Total Expenses on Consolidated and Combined Statements of Activities	<u>\$ 14,092,509</u>	<u>\$ 1,867,032</u>	<u>\$ 3,936,727</u>	<u>\$ 1,536,805</u>	<u>\$ 21,433,073</u>	<u>\$ 2,164,749</u>	<u>\$ 6,118,762</u>	<u>\$ 8,283,511</u>	<u>\$ -</u>	<u>\$ 29,716,584</u>	<u>\$ 26,146,597</u>

See notes to consolidated and combined financial statements

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 1. NATURE OF ORGANIZATION:

Christian Herald Association, Inc. (doing business as The Bowery Mission), and its Subsidiaries, Heartsease Home, Inc., The Bowery Mission Foundation, Inc., Christian Herald Housing Development Fund Corporation, New York City Rescue Mission, Inc. and Goodwill Rescue Mission, Inc. (together referred to as Christian Herald in these notes), qualify as not-for-profit organizations which are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, Christian Herald and its Subsidiaries are subject to federal income tax on any unrelated business taxable income. In addition, Christian Herald and its Subsidiaries are not classified as private foundations within the meaning of Section 509(a) of the IRC. Christian Herald Housing Development Fund Corporation is a Type D not-for-profit corporation as defined in Section 572(g) of the Private Housing Finance Law of the State of New York. Support and revenues are derived primarily from the general public, government grants and retreat center, camp and after-school program fees.

The purposes of Christian Herald Association, Inc. (CHA) include providing compassionate services to the poor and respite from city-based poverty, offering programs for personal development to escape poverty and become productive citizens, re-uniting broken families, calling others to assist in these activities and communicating the truths of the historic Christian faith to all of CHA's audiences. CHA's single word focus is "Transformation". CHA also seeks to improve and transform the lives of at-risk youth in New York City through development of life skills, mentoring relationships, tutoring, moral training, summer camp programs and related activities. The names "The Bowery Mission", "The Bowery Mission Women's Center at Heartsease Home" and "Mont Lawn City Camp and Summer Camp" identify the programs that fulfill these purposes.

Heartsease Home, Inc. (Heartsease) exists to provide care to disadvantaged women in New York City, under a program operated by CHA called "The Bowery Mission Women's Center at Heartsease Home".

The Bowery Mission Foundation, Inc. (Foundation) seeks to stimulate an unprecedented wave of generosity toward compassionate care and life transformation services for men, women, and children in the City of New York. The Foundation was formed to act as a supporting organization to CHA and the programs operated by CHA and any of its subsidiaries.

Christian Herald Housing Development Fund Corporation (CHHDFC) was incorporated in 1987, pursuant to Article XI of the New York Private Housing Finance Law and Section 402 of the Not-For-Profit Corporation Law to develop and operate a housing project for persons of low income, which provides transitional housing facilities on a site at 45 - 51 Avenue D, in New York City. Title to this facility was conveyed to CHHDFC by the City of New York for the consideration of \$2 and CHHDFC's commitment to provide transitional housing for at least fifteen years exclusively to persons of low income referred to it by the City of New York. The establishment of CHHDFC was sponsored by The Bowery Mission and Young Men's Home, now merged into CHA, whose activities include providing food, shelter and counseling to homeless persons and related activities. As of June 30, 2017, CHHDFC chose not to renew its contract with the New York City Department of Homeless Services.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

1. NATURE OF ORGANIZATION, continued:

New York City Rescue Mission, Inc. (NYCRM) exists to offer help and hope to the hungry, homeless and hurting men and women of New York City by providing meals, shelter and services to the homeless and hungry and to address the deeper emotional and spiritual issues to help them transform their lives, and reconnect with the world. On November 1, 2017, the governing board of NYCRM approved the acquisition of NYCRM by CHA. As a result of the vote, NYCRM became a subsidiary of CHA through interlocking board members such that a majority of the board members of NYCRM are made up of board members of CHA, as well as CHA management assuming control of the management of NYCRM. NYCRM continues to operate as a separate 501(c)(3) entity.

Goodwill Rescue Mission, Inc. (GRM), located in Newark, New Jersey, provides emergency care to meet immediate needs together with comprehensive life transformation services aimed at the spiritual, social, life skill and vocational development of the poor and chronically homeless and addicted in Newark and surrounding communities. On May 19, 2016, the governing board of GRM approved the acquisition of GRM by CHA. As a result of the vote, GRM became a subsidiary of CHA through CHA holding four of the seven board seats of GRM as well as CHA management assuming control of the management of GRM. GRM continues to operate as a separate 501(c)(3) entity.

2. SIGNIFICANT ACCOUNTING POLICIES:

**BASIS OF ACCOUNTING**

The consolidated and combined financial statements of Christian Herald have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the consolidated and combined financial statements to the reader. The preparation of consolidated and combined financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 consolidated and combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**PRINCIPLES OF CONSOLIDATION AND COMBINATION**

The accompanying consolidated and combined statements of financial position and consolidated and combined statements of activities, cash flows and functional expenses, include the accounts of CHA, Heartsease, the Foundation, CHHDFC, NYCRM and GRM. The accounts of Heartsease, the Foundation, NYCRM and GRM are consolidated due to CHA's control of the Boards of Directors and management of each entity. CHHDFC's accounts are combined as CHA and CHHDFC have common members of Board of Directors, officers and management.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PRINCIPLES OF CONSOLIDATION AND COMBINATION, continued

The accompanying consolidated and combined financial statements reflect balances and changes in net assets for CHA, Heartsease, the Foundation and GRM as of and for the years ended September 30, 2019 and 2018, and for CHHDFC as of and for the years ended June 30, 2019 and 2018. The balances and changes in net assets for NYCRM in the 2019 columns of these consolidated and combined financial statements are reflected for the year ended September 30, 2019, and the 2018 columns are reflected for the period of acquisition by CHA on November 1, 2017 through September 30, 2018.

Intercompany balances and transactions have been eliminated in consolidation and combination. The resulting intervening intercompany balances due to the difference in fiscal year end between CHA and CHHDFC have been disclosed, if any, in the appropriate footnote to which the balances relate.

#### CASH AND CASH EQUIVALENTS AND CREDIT RISK

For purposes of the consolidated and combined statements of cash flows, Christian Herald considers cash and cash equivalents to be amounts in checking and savings accounts, cash on hand, and securities purchased with original maturities of three months or less. Certain items meet the definition of cash and cash equivalents but are part of a larger pool of investments and are classified as investments. Christian Herald's consolidated and combined cash balances exceed federally insured limits by approximately \$1,333,000 and \$1,354,000 as of September 30, 2019 and 2018, respectively. Christian Herald has not experienced any losses on these accounts and management does not believe it is exposed to any significant risk.

#### ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management believes all receivable balances are collectible; therefore, no provision for uncollectible accounts was made.

#### GOVERNMENT GRANTS RECEIVABLE

Government grants receivable are stated at the amount management expects to collect from outstanding balances. Management believes all balances are collectible; therefore, no provision for uncollectible accounts was made.

#### PLEDGES RECEIVABLE

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts on those amounts, if necessary based on the expected collection of pledges in future years, are computed using risk adjusted interest rates applicable to the years in which the promises are received. The discount rate used was 4.73% and 4.61% for the years ended September 30, 2019 and 2018, respectively. Amortization of discounts is reported as a component of contribution support.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PLEDGES RECEIVABLE, continued

Management provides for probable uncollectible amounts relating to pledges to give through an adjustment to a valuation allowance based on its assessment of the current status of individual pledges. Balances that are still outstanding after management has determined that payment will not be made are written off through a charge to the valuation allowance and a credit to the pledge receivable. Conditional pledges to give are not included as support until the conditions are substantially met.

#### INVESTMENTS

Investments consist of money market funds, certificates of deposit, mutual and exchange traded funds, fixed income investments and equity securities and are measured at fair value using the three-level fair value hierarchy. Investments in hedge funds are reported at fair value using net asset value, based upon the valuation of the underlying assets as provided by the respective fund manager and advisor. The hedge funds invest in primarily equity and equity related interests. Interest and dividends (net of investment fees) and realized and unrealized gains and losses are included as revenue without donor restrictions, or in the case of endowment assets, revenue with donor restrictions in the consolidated and combined statements of activities. Donated investments are recorded at the fair value on the date of donation and thereafter carried in accordance with the above provisions.

#### DISCLOSURES ABOUT FAIR VALUE OF ASSETS

Christian Herald follows the provisions of the *Fair Value Measurements and Disclosure* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Christian Herald uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Christian Herald measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The following is a description of the valuation methodologies used for assets measured at fair value:

*Money market funds* are valued at closing price as reported in markets, which approximates cost.

*Equity securities, mutual funds and exchange traded funds* are valued at the closing price as reported on respective markets.

*Beneficial interest in perpetual trusts* are determined by calculating the fair value of the Christian Herald's share of the trust assets which are held as investments.

*Certificates of deposit* are held at cost, which approximates fair value, and are excluded from the fair value hierarchy.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### DISCLOSURES ABOUT FAIR VALUE OF ASSETS, continued

*Hedge funds* are reported at fair value using net asset value (NAV) as a practical expedient, as determined by the fund's professional managers, and are excluded from the fair value hierarchy.

Fair values of assets measured on a recurring basis are as follows:

	September 30, 2019			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 275,172	\$ 275,172	\$ -	\$ -
Mutual and exchange traded funds	6,284,542	6,284,542	-	-
Total investments	6,559,714	6,559,714	-	-
Beneficial interest in perpetual trusts	1,658,699	-	-	1,658,699
	8,218,413	\$ 6,559,714	\$ -	\$ 1,658,699
Non-leveled investments:				
Investments reported at NAV:				
Hedge funds	580,657			
Investments reported at cost:				
Certificates of deposit	30,513			
	<u>\$ 8,829,583</u>			

Christian Herald uses NAV to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with measurement principles of an investment company or have attributes of an investment company. Christian Herald is invested in one fund measured at NAV as of September 30, 2019:

<u>Fund:</u>	<u>NAV in fund</u>	<u>Remaining life</u>	<u>Redemption terms / restrictions</u>
Hawk Ridge Partners Offshore Ltd.	<u>\$ 580,657</u>	Perpetual	Quarterly liquidity with 60 days notice required.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### DISCLOSURES ABOUT FAIR VALUE OF ASSETS, continued

	September 30, 2018			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 457,469	\$ 457,469	\$ -	\$ -
Mutual and exchange traded funds	13,043,460	13,043,460	-	-
Total investments	13,500,929	13,500,929	-	-
Beneficial interest in perpetual trusts	1,724,750	-	-	1,724,750
	15,225,679	\$ 13,500,929	\$ -	\$ 1,724,750
Non-leveled investments:				
Investments reported at cost:				
Certificates of deposit	30,513			
	\$ 15,256,192			

The following table provides further details of the Level 3 fair value measurements:

	Beneficial Interest in Perpetual Trusts	
	Year Ending September 30,	
	2019	2018
Beginning balance	\$ 1,724,750	\$ 1,562,259
Valuation change included in change in net assets	(66,051)	162,491
Ending balance	\$ 1,658,699	\$ 1,724,750

Valuation change related to beneficial interest in perpetual trusts included in change in net assets is reported in the consolidated and combined statements of activities as change in value of perpetual trusts.



# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### LAND, BUILDINGS, EQUIPMENT AND DEPRECIATION

Items capitalized as land, buildings and equipment are capitalized at cost at the date of acquisition, or fair value at the date of gift. The costs of additions and betterments are capitalized when they exceed \$5,000, and expenditures for repairs and maintenance are expensed when incurred. When items of land, buildings and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reported as income. Depreciation of buildings and equipment is provided utilizing the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings and improvements	10 to 40 years
Furniture, fixtures, vehicles and equipment	3 to 20 years

Christian Herald reviews its investment in land, buildings and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the land, buildings and equipment to the future net undiscounted cash flow expected to be generated by the assets and any estimated proceeds from the eventual disposition of the assets. If the land, building and equipment is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value of such assets. There were no impairment losses recognized in the years ended September 30, 2019 and 2018.

#### BENEFICIAL INTEREST IN PERPETUAL TRUSTS

Christian Herald is a beneficiary of permanently restricted trusts. The principal must be held in perpetuity by trustees, and the earnings will be distributed annually to Christian Herald. Changes in fair value of the trusts are recorded as a component of net assets with donor restrictions.

#### NOTES PAYABLE - RECOVERABLE SUBSIDIES

CHA has received two Federal Home Loan Bank of New York (FHLB) recoverable subsidies of \$1,200,000 and \$640,000 under the Affordable Housing Program (AHP) relating to facility expansion and renovation projects at West 130th Street, New York City and at the Bowery Mission at 227 Bowery, New York City. NYCRM has also received an FHLB recoverable subsidy of \$2,700,000 under the AHP program relating to facility expansion. The subsidies are conditional, including a 15 year retention period during which FHLB can recover a portion or all of the funds should CHA or NYCRM not comply with various programmatic and reporting conditions. Additionally, should CHA or NYCRM sell the related facilities prior to the expiration of the retention period, it would be required to repay the subsidy in full to FHLB.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### NOTES PAYABLE - RECOVERABLE SUBSIDIES, continued

FHLB's interest is secured through promissory notes payable and security agreements, with the related facilities as collateral. The notes payable do not have principal repayment terms during the retention period. Additionally, the notes payable do not provide for interest accrual or payments during the retention period, unless the notes payable are determined to be in default, at which time a default rate of interest would be charged at a rate to be determined at the time of default and within local legal default rate limits. This lack of interest accrual and payment has been determined to be the market rate for the notes payable under the AHP program.

Due to the terms of the subsidies and the related promissory notes payable, the funds received from FHLB are reported as notes payable - recoverable subsidies in the consolidated and combined statements of financial position. At the end of each of the retention periods, the subsidies will no longer be recoverable by the FHLB, the notes payable will be cancelled, and CHA and NYCRM will recognize the subsidies as revenue in the consolidated and combined statements of activities. The retention periods for CHA's subsidies expire approximately 2030 through 2031. The retention period for NYCRM's subsidy expires in approximately 2028.

#### POST-RETIREMENT BENEFITS PAYABLE

Christian Herald provides post-retirement health care and prescription drug benefits to substantially all full-time employees hired prior to March 1998. The provisions of the *Defined Benefit Plans - Other Postretirement* topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), requires employers to recognize the funded status of a defined benefit plan in the consolidated and combined statements of financial position and recognize changes in the funded status through changes in net assets without donor restrictions.

#### NET ASSETS

The consolidated and combined financial statements report amounts by class of net assets:

*Net assets without donor restrictions* are those which include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the organization to utilize funds in furtherance of its mission, designated by the board for specific use, and resources invested in land, buildings and equipment, less related depreciation.

*Net assets with donor restrictions* are those stipulated by donors for specific operating purposes, subject to a time restriction, or those not currently available for use until commitments regarding their use have been fulfilled. Net assets with donor restrictions are also those that are subject to donor-imposed restrictions that will never lapse, thus requiring the funds to be permanently retained. Generally, the donors of these funds permit Christian Herald to use all or part of the income earned on related investments or other assets, and the net capital appreciation thereon, for general or specific purposes.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT, REVENUE, RECLASSIFICATIONS AND EXPENSES

Support is recognized when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to Christian Herald. Christian Herald reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. It is Christian Herald's policy to report donor-restricted contributions whose restrictions are met in the same reporting period as support without donor restrictions. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated and combined statements of activities as reclassifications for satisfaction of restrictions. Government grant revenue, retreat center, camp and afterschool fees and other revenue is recognized in the period earned. Investment income and changes in other assets or liabilities are recognized in the period earned or incurred and are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

CHA, NYCRM and GRM receive donations of food, clothing, and supplies which it uses internally in the operation of its programs or distributes to other charities with similar missions and values to use and distribute to end beneficiaries. Donated goods are recorded as support at their estimated fair value at the date of donation and are expensed for program services. Items that are not used internally or distributed to other charities are considered waste and are not recorded in the consolidated and combined financial statements.

During the year ended September 30, 2019, Christian Herald re-evaluated and made adjustments to its methodology for determining the fair value of gifts-in-kind. The fair value estimate for donated clothing was revised from \$2 per pound in 2018, to \$12 per pound in 2019. The fair value estimate for prepared foods was revised from \$1.72 per pound in 2018, to \$10.50 per pound in 2019. The fair value estimate for food donated by supermarkets was revised from \$1.72 per pound in 2018, to \$3.20 per pound in 2019. The fair value estimate for food donations received from the general public remained unchanged at \$1.72 per pound.

Christian Herald's services could not be fully achieved without the dedicated efforts of many volunteers. Only those contributed services that meet the "specialized skills" requirements under current accounting standards are recognized in the consolidated and combined statements of activities. Christian Herald reported volunteer services of approximately \$193,000 and \$151,000 for the years ended September 30, 2019 and 2018, respectively, that meet current accounting standards.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT, REVENUE, RECLASSIFICATIONS AND EXPENSES, continued

Gifts of land, buildings and equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of land, buildings and equipment with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire plant assets are reported as support with donor restrictions. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from net assets with donor restrictions to net assets without donor restrictions at that time. Donated property and equipment are valued at the fair market value at date of receipt.

Directly identifiable expenses are charged to program services and supporting services which include management and general and fundraising. Expenses related to more than one function are charged to program services and supporting services on the basis of periodic time and expense studies. Supporting services' expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of Christian Herald. The categories of expenses that are allocated include salaries and benefits, occupancy, professional fees, consulting and outside services, program and general supplies, printing and postage, insurance, telephone and communications, equipment and maintenance, staff training and development, other expenses and depreciation, which are allocated on the basis of estimates of time and effort. Advertising and promotion costs are expensed when incurred and were approximately \$173,000 and \$272,000 for the years ended September 30, 2019 and 2018, respectively. Christian Herald incurred no joint costs for the years ended September 30, 2019 and 2018.

#### INTERMEDIATE MEASURE OF OPERATIONS

Christian Herald separates certain activity in its consolidated and combined statements of activities into the category "other changes in net assets". Activity presented in this category includes realized and unrealized gains and losses on investments, changes in liability for post-retirement benefits, changes in value of perpetual trusts, and other activities considered to be of a more unusual or nonrecurring nature, if any.

#### ADOPTION OF RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Christian Herald adopted the provisions of this new standard during the year ended September 30, 2019. Significant changes include:

- Temporarily restricted and permanently restricted net asset classes are now referred to as net assets with donor restrictions.
- Unrestricted net asset class is now referred to as net assets without donor restrictions.
- Disclosures related to functional allocation of expenses were expanded.
- The financial statements include a new disclosure regarding liquidity and the availability of resources.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Christian Herald's financial assets as of September 30, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, perpetual endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for specific purposes.

#### Financial assets:

Cash and cash equivalents	\$ 2,234,111
Accounts receivable	96,153
Government grants receivable	189,680
Pledges receivable-net	2,092,905
Investments	7,170,884
Beneficial interest in perpetual trusts	1,658,699
Financial assets, at year end	<u>13,442,432</u>

#### Less those unavailable for general expenditure within one year, due to:

Pledges receivable expected to be collected beyond one year	(1,023,650)
Investment balances unavailable due to collateral on line of credit (Note 5)	(1,288,714)
Perpetual endowments and accumulated earnings	(5,054,829)
Beneficial interest in perpetual trusts	<u>(1,658,699)</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,416,540</u>
--	---------------------

Christian Herald is substantially supported by contributions without and with donor restrictions. Those contributions with donor restriction require resources to be used in a particular manner or in a future period. Christian Herald must maintain sufficient resources to meet those responsibilities to its donors. Thus, at times financial assets may not be available for general expenditure within one year. Christian Herald has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Christian Herald has revolving lines of credit totaling \$5,200,000 (Note 8), which are collateralized by certain investment accounts (Note 5), with borrowing capacity available of approximately \$427,000 as of September 30, 2019, that can be drawn on in the event of an anticipated liquidity need.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

4. PLEDGES RECEIVABLE-NET:

Pledges receivable-net consist of the following:

	September 30,	
	2019	2018
Due within one year	\$ 1,350,866	\$ 2,213,553
Due in one to three years	1,023,650	590,167
	<u>2,374,516</u>	<u>2,803,720</u>
Less allowance for uncollectible pledges	(213,000)	(204,200)
Less unamortized discount	<u>(68,611)</u>	<u>(30,174)</u>
	<u>\$ 2,092,905</u>	<u>\$ 2,569,346</u>

5. INVESTMENTS:

Investments consist of the following:

	September 30,	
	2019	2018
Money market funds	\$ 275,172	\$ 457,469
Mutual and exchange traded funds	6,284,542	13,043,460
Hedge funds	580,657	-
Certificates of deposit	<u>30,513</u>	<u>30,513</u>
	<u>\$ 7,170,884</u>	<u>\$ 13,531,442</u>

Endowment assets at September 30, 2019 and 2018, comprise approximately \$5,555,000 and \$7,378,000 of investment balances, respectively.

Investment income for the year ended September 30, 2019, is comprised of:

	Without Donor Restrictions	With Donor Restrictions	Totals
Dividends and interest	\$ 143,868	\$ 195,017	\$ 338,885
Realized and unrealized losses	(367,840)	(144,101)	(511,941)
Investment advisory fees	<u>(37,968)</u>	<u>(54,352)</u>	<u>(92,320)</u>
	<u>\$ (261,940)</u>	<u>\$ (3,436)</u>	<u>\$ (265,376)</u>

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

5. INVESTMENTS, continued:

Investment income for the year ended September 30, 2018, is comprised of:

	Without Donor Restrictions	With Donor Restrictions	Totals
Dividends and interest	\$ 205,675	\$ 169,518	\$ 375,193
Realized and unrealized gains	153,793	250,679	404,472
Investment advisory fees	(28,090)	(20,469)	(48,559)
	<u>\$ 331,378</u>	<u>\$ 399,728</u>	<u>\$ 731,106</u>

### ASSETS PLEDGED AS COLLATERAL

Christian Herald has a line of credit with a bank of up to \$5,000,000 (See Note 8). The line of credit is fully collateralized by cash and investments held at the bank in certain accounts. Christian Herald is only permitted to have outstanding borrowing on its line of credit in an amount up to 100% of the market value of cash and money market funds; 85% of the market value of equity securities; and 90% of the market value of fixed income securities held with the bank in the specified accounts at any given time. As of September 30, 2019 and 2018, Christian Herald's outstanding borrowings on the line of credit were in compliance with this requirement.

### RISKS AND UNCERTAINTIES RELATED TO INVESTMENTS

Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of Christian Herald's investments could fluctuate materially. Christian Herald maintains custody accounts with a primary custodian. Although Christian Herald monitors the custodian and believes that they are an appropriate custodian, there is no guarantee that the custodian will not become insolvent. Christian Herald believes that, in the event of the insolvency of its custodian, some of Christian Herald's assets may be unavailable for a period of time, but that it would ultimately have full recovery of its assets.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 6. LAND, BUILDINGS AND EQUIPMENT-NET:

Land, buildings and equipment-net consists of:

	September 30,	
	2019	2018
Land	\$ 18,712,888	\$ 18,710,880
Buildings and improvements	38,336,994	27,879,644
Furniture and fixtures	1,037,965	1,037,965
Vehicles and equipment	3,473,151	3,457,899
	<u>61,560,998</u>	<u>51,086,388</u>
Less accumulated depreciation and amortization	(15,479,985)	(14,270,664)
	<u>46,081,013</u>	<u>36,815,724</u>
Construction in progress	814,246	10,048,708
	<u>\$ 46,895,259</u>	<u>\$ 46,864,432</u>

Construction in progress primarily includes renovations underway at the NYCRM facility, The Bowery Mission and Mont Lawn Camp. As of September 30, 2019, Christian Herald had construction contract in place relating to renovations at the NYCRM facility for approximately \$1,028,000, of which approximately \$418,000 had been expended as of September 30, 2019. The project was substantially complete in March 2020.

### 7. POST-RETIREMENT BENEFITS PAYABLE:

Christian Herald provides post-retirement health care and prescription drug benefits to substantially all full-time employees hired prior to March 1998. The benefit was closed to new participants after that date.

The net periodic cost for post-retirement benefits includes the following:

	September 30,	
	2019	2018
Service cost	\$ 2,405	\$ 2,801
Interest cost	38,397	41,674
Amortization of actuarial (gain) loss	<u>(10,149)</u>	<u>3,938</u>
	<u>\$ 30,653</u>	<u>\$ 48,413</u>



# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 7. POST-RETIREMENT BENEFITS PAYABLE, continued:

The accumulated post-retirement benefit obligation recognized in the consolidated and combined statements of financial position is computed as follows:

	September 30,	
	2019	2018
Accumulated post-retirement benefit obligation at beginning of year	\$ 956,723	\$ 1,141,058
Service cost	2,405	2,801
Interest cost	38,397	41,674
Actuarial (gain) loss	33,357	(207,424)
Benefits paid	(13,919)	(21,386)
Accumulated post-retirement benefit obligation at end of year	<u>\$ 1,016,963</u>	<u>\$ 956,723</u>

The actuarial loss for the year ended September 30, 2019, was impacted by a decrease in the assumed discount rate. This resulted in an increase in liabilities.

The accumulated post-retirement benefit obligation consists of:

	September 30,	
	2019	2018
Retirees	\$ 330,355	\$ 329,316
Active employees not yet eligible to receive benefits	81,203	57,766
Active employees eligible to receive benefits	605,405	569,641
	<u>\$ 1,016,963</u>	<u>\$ 956,723</u>

### FUNDED STATUS OF PLAN ASSETS

No plan assets are set aside for the post-retirement benefits. Christian Herald will fund benefits as covered costs are incurred.

### ASSUMPTIONS

The weighted average assumptions used to determine future benefit obligations is as follows:

	September 30,	
	2019	2018
Discount rate - CHA calculation	2.92%	4.05%
Discount rate - CHHDFC calculation	3.44%	4.13%

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 7. POST-RETIREMENT BENEFITS PAYABLE, continued:

#### ASSUMPTIONS, continued

Changes in discount rate, demographics and mortality assumptions between 2019 and 2018 constitute a change in estimate.

Assumed health care and prescription drug cost trend rates have a significant effect on the amounts reported for the post-retirement benefit plan. The rate of increase in per capita cost of covered health care benefits is assumed to be 4.75% in 2020, decreasing gradually to 3.78% in 2075. The rate of increase in per capita cost of covered prescription drug benefits is assumed to be 9% in 2020 decreasing gradually to 3.78% in 2075.

	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on total service and interest cost components	\$ 7,155	\$ (5,990)
Effect on accumulated post-retirement benefit obligation	\$ 167,630	\$ (136,071)

#### CASH FLOWS

Christian Herald expects to expend an amount equal to the estimated future benefit payments for 2020. Shown below are estimated benefit payments, which reflect expected future service costs:

<u>Year Ending September 30,</u>	
2020	\$ 39,748
2021	40,356
2022	42,252
2023	45,253
2024	46,767
2025-2029	248,042

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 8. NOTE AND LINES OF CREDIT PAYABLE:

Note and lines of credit payable consists of the following:

	September 30,	
	2019	2018
CHA has a line of credit from a bank up to \$5,000,000 and \$4,000,000 at September 30, 2019 and 2018, respectively. The line of credit is collateralized by investments held at that bank in certain accounts. Interest is calculated at a variable rate equal to 2.50% over the bank's prime rate (5% and 4.67% at September 30, 2019 and 2018, respectively) and payments of interest are due monthly based on the daily outstanding balance for each day in that month. Principal is paid down periodically such that the balance does not exceed the maximum. The line of credit is payable in full by June 30, 2021.	\$ 3,746,125	\$ 3,779,125
CHA has a vehicle loan payable. The loan is payable in 60 monthly installments of principal and interest of \$386. Interest is fixed at 4.9% and the loan matures in July 2022.	15,048	19,293
GRM has a line of credit from a bank up to \$200,000. The line of credit is secured by a mortgage lien. Interest is calculated at a variable rate equal to 1% over the prime rate (3.25% at both September 30, 2019 and 2018) and payments are due monthly. Principal is paid down periodically such that the balance does not exceed the maximum. The line of credit is payable in full by May 31, 2021.	198,020	197,925
In September 2016, GRM signed two notes payable with their electricity supplier for the purchase of lighting as part of the thrift store renovation. The loans are interest-free and payable in 36 monthly installments of \$194 and \$575.	-	8,052
	<u>\$ 3,959,193</u>	<u>\$ 4,004,395</u>

Debt maturities for the succeeding three years are as follows:

<u>Year Ending September 30,</u>	
2020	\$ 4,632
2021	3,948,777
2022	5,784
	<u>\$ 3,959,193</u>

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

8. NOTE AND LINES OF CREDIT PAYABLE, continued:

Christian Herald was also required to obtain a letter of credit in an amount up to \$59,528 from a bank related to its headquarters office space lease. The letter of credit expires on May 13, 2020.

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	September 30,	
	2019	2018
Subject to expenditure for a specified time or purpose:		
Pledges receivable - time restricted	\$ 2,360,499	\$ 1,989,591
Buildings and equipment	1,332,382	1,598,586
New Hope capital campaign	-	45,000
Other restricted purposes	-	54,354
	<u>3,692,881</u>	<u>3,687,531</u>
Subject to endowment spending policy and appropriation:		
Accumulated gains (losses) on endowment assets	(448,794)	1,258,135
Endowment funds restricted in perpetuity	5,503,623	5,503,623
	<u>5,054,829</u>	<u>6,761,758</u>
Beneficial interest in perpetual trusts	<u>1,658,699</u>	<u>1,724,750</u>
	<u>\$ 10,406,409</u>	<u>\$ 12,174,039</u>

10. ENDOWMENTS:

Christian Herald's endowments include donor-restricted funds and consist of individual funds established for specific program and general purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions as specified in the Summary of Significant Accounting Policies outlined in these notes.

Christian Herald classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 10. ENDOWMENTS, continued:

Christian Herald considers the following factors in making a determination to appropriate or accumulate donor restricted funds:

- (1) The duration and preservation of the fund
- (2) The purposes of Christian Herald and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Christian Herald
- (7) The investment policies of Christian Herald

### RETURN OBJECTIVES, RISK PARAMETERS AND SPENDING POLICY

#### *Endowment Pool*

The investment objective of Christian Herald emphasizes total return; that is, aggregate return from capital appreciation, interest and dividends. The Board of Directors (the Board) has earmarked 4% of portfolio value based on the prior 8 quarters rolling average value of the total portfolio to be used to satisfy current cash flow needs for operations. The primary objective of management of the total portfolio is, at a minimum, to have the portfolio maintain its purchasing power after meeting the Board's earmark. The target allocation of invested assets at market value is Money Market/CD/Cash (0-15%), Equities (35-65%) and Fixed Income (25-60%).

A specified goal of each investment manager, over the investment horizon, shall be to:

- (1) Meet or exceed the market index selected and agreed upon by the Investment Committee of the Board.
- (2) Display an overall level of risk in the portfolio that is consistent with the risk associated in the benchmark specified above.
- (3) For the purpose of preserving capital, the asset guidelines cited in the paragraph above may be exceeded with the approval of the Investment Committee. When these conditions exist, the investment manager may contact the Chair of the Investment Committee for the approval to exceed these guidelines, including moving to larger concentration in cash, to as much as a 100% cash position with the portfolio. Upon approving the proposal, the Chair of the Investment Committee will notify the other Investment Committee members and the Chair of the Board of the specifics of the decision.

#### *Memorial Fund*

The minimum yield target for the fund should be 4% or the prevailing one-year Treasury note rate plus 2%, whichever is greater. Target rates should be reviewed no less than annually. Yield is to be made up of actual income (e.g., interest and dividends). In order to preserve the purchasing power of the fund, the total return target should include the prevailing inflation rate. A minimum of 75% of the fixed income portion of the portfolio should be in investment grade securities. Only marketable, publicly traded securities are eligible to be in the fund.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 10. ENDOWMENTS, continued:

#### 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 requires Christian Herald to retain as a fund of perpetual duration. As of September 30, 2019, there were 6 funds with deficiencies totaling approximately \$761,000. The original gift value of these funds was approximately \$3,232,000 at September 30, 2019, compared to the fair market value of the associated assets of approximately \$2,471,000 at September 30, 2019. As of September 30, 2018, there was 1 fund with deficiencies totaling approximately \$75,000. The original gift value of this fund was approximately \$75,000 at September 30, 2018, compared to the fair market value of the associated assets of approximately \$-0- at September 30, 2018. The primary reason for the deficits is additional appropriations during the year ended September 30, 2019, by Christian Herald from endowment assets to fund programmatic needs.

Endowment net asset composition by type of fund as of September 30, 2019, is as follows:

	Original Gift Amount	Accumulated Gains (Losses)	Total
General purposes	\$ 3,527,742	\$ (109,751)	\$ 3,417,991
Restricted purposes	1,975,881	(339,043)	1,636,838
	<u>\$ 5,503,623</u>	<u>\$ (448,794)</u>	<u>\$ 5,054,829</u>

Changes in endowment funds for the fiscal year ended September 30, 2019, consisted of the following:

	Original Gift Amount	Accumulated Gains (Losses)	Total
Endowment net assets, beginning of year	\$ 5,503,623	\$ 1,258,135	\$ 6,761,758
Interest and dividends-net	-	140,665	140,665
Realized and unrealized loss	-	(144,101)	(144,101)
Amounts appropriated for expenditure	-	(1,703,493)	(1,703,493)
	-	(1,706,929)	(1,706,929)
Endowment net assets, end of year	<u>\$ 5,503,623</u>	<u>\$ (448,794)</u>	<u>\$ 5,054,829</u>

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 10. ENDOWMENTS, continued:

Endowment net asset composition by type of fund as of September 30, 2018, is as follows:

	Original Gift Amount	Accumulated Gains (Losses)	Total
General purposes	\$ 3,527,742	\$ 788,797	\$ 4,316,539
Restricted purposes	1,975,881	469,338	2,445,219
	<u>\$ 5,503,623</u>	<u>\$ 1,258,135</u>	<u>\$ 6,761,758</u>

Changes in endowment funds for the fiscal year ended September 30, 2018, consisted of the following:

	Original Gift Amount	Accumulated Gains (Losses)	Total
Endowment net assets, beginning of year	\$ 5,503,623	\$ 1,146,735	\$ 6,650,358
Interest and dividends-net	-	149,049	149,049
Realized and unrealized gain	-	250,679	250,679
Amounts appropriated for expenditure	-	(288,328)	(288,328)
	-	111,400	111,400
Endowment net assets, end of year	<u>\$ 5,503,623</u>	<u>\$ 1,258,135</u>	<u>\$ 6,761,758</u>

### 11. SPECIAL EVENTS - NET:

Special events-net consist of the following:

	September 30,	
	2019	2018
Contributions	\$ 1,339,774	\$ 1,595,210
Revenues	227,492	187,339
Related direct expenses	(272,342)	(200,066)
	<u>\$ 1,294,924</u>	<u>\$ 1,582,483</u>

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 12. GIFTS-IN-KIND:

Gifts-in-kind consisted of the following for the year ended September 30, 2019:

	Received By Christian Herald	Distributed to the Community	Used at Christian Herald Facilities
Food	\$ 4,184,610	\$ 2,023,683	\$ 2,160,927
Clothing	2,751,221	660,000	2,091,221
Supplies	391,454	-	391,454
	<u>\$ 7,327,285</u>	<u>\$ 2,683,683</u>	<u>\$ 4,643,602</u>

Gifts-in-kind consisted of the following for the year ended September 30, 2018:

	Received By Christian Herald	Distributed to the Community	Used at Christian Herald Facilities
Food	\$ 4,130,485	\$ 1,311,974	\$ 2,818,511
Clothing	1,319,135	21,440	1,297,695
Supplies	179,549	-	179,549
	<u>\$ 5,629,169</u>	<u>\$ 1,333,414</u>	<u>\$ 4,295,755</u>

### 13. OPERATING LEASES:

Christian Herald rents office space under leases expiring in fiscal year 2020 through 2024. Rent expense amounted to approximately \$607,000 and \$505,000 for the years ended September 30, 2019 and 2018, respectively. Estimated minimum rent payments for subsequent years are as follows:

<u>Year Ending September 30,</u>	
2020	\$ 532,704
2021	384,527
2022	391,814
2023	399,246
2024	406,826
	<u>\$ 2,115,117</u>



# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

### 13. OPERATING LEASES, continued:

Christian Herald leases office and transportation equipment under operating leases expiring during fiscal years 2021 through 2024. Rental expense for the leases amounted to approximately \$7,000 and \$12,000 for the years ended September 30, 2019 and 2018, respectively. Estimated minimum lease payments for the subsequent years are as follows:

<u>Year Ending September 30,</u>	
2020	\$ 34,686
2021	31,707
2022	30,882
2023	30,882
2024	<u>30,544</u>
	<u>\$ 158,701</u>

### 14. RETIREMENT PLANS:

Christian Herald sponsors a defined contribution pension plan under IRC Section 403(b) that covers substantially all of its full-time employees. Contributions are currently based on 4% of each covered employee's wages. Such amounts totaled approximately \$304,000 and \$270,000 for the years ending September 30, 2019 and 2018, respectively.

Christian Herald also sponsors a non-qualified deferred compensation 457(b) plan that may be offered to certain members of management. Contributions for the years ending September 30, 2019 and 2018, totaled approximately \$5,200 and \$5,500, respectively.

### 15. ACQUISITION:

On November 1, 2017, the governing board of NYCRM approved the acquisition of NYCRM by CHA. As a result of the vote, NYCRM became a subsidiary of CHA through interlocking board members such that a majority of the board members of NYCRM are made up of board members of CHA, as well as CHA management assuming control of the management of NYCRM. NYCRM continues to operate as a separate 501(c)(3) entity.

In accordance with GAAP, the assets acquired and liabilities assumed are required to be measured at fair value as of the date of the acquisition. The fair values of cash and cash equivalents, accounts receivable, pledges receivable, prepaid expenses, accounts payable and accrued expenses and notes payable - recoverable subsidy approximate carrying value as of the date of acquisition. The fair value of land, buildings and equipment as of the date of acquisition exceeded carrying value by approximately \$15,000,000, which was recognized as a gain on remeasurement on the date of acquisition and included in the consolidated and combined statements of activities as a component of "Acquisition of New York City Rescue Mission, Inc."

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

15. ACQUISITION, continued:

The fair value of the assets and liabilities of NYCRM as of the date of acquisition were as follows:

Cash and cash equivalents	\$ 181,481
Accounts receivable	105
Pledges receivable-net	26,697
Prepaid expenses	14,230
Land, buildings and equipment - net	25,969,811
Accounts payable and accrued expenses	(740,433)
Notes payable - recoverable subsidy	<u>(2,700,000)</u>
Excess of fair value of assets acquired over liabilities assumed at the date of acquisition	<u><u>\$ 22,751,891</u></u>

16. DONOR CONCENTRATIONS:

During the years ended September 30, 2019 and 2018, Christian Herald received approximately 6% and 7%, respectively, of total contributions and 4% and 4%, respectively, of total revenue, from one donor in each year.

17. RELATED PARTY TRANSACTIONS:

Members of the Board of Directors contributed approximately \$613,000 and \$649,000 to Christian Herald during the years ended September 30, 2019 and 2018, respectively.

18. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through November 18, 2020, which is the date the consolidated and combined financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Subsequent to September 30, 2019, in March 2020, the decision was made to temporarily suspend operations at GRM and explore selling the property in Newark, NJ, which carries a net book value of approximately \$2,500,000 as of the date of consolidated and combined financial statements. Suspending operations at GRM for a season will have the estimated effect on future consolidated and combined financial statements of reducing annual support and revenue by approximately \$1,500,000 and reducing annual expenses by approximately \$1,800,000. As of the date of the consolidated and combined financial statements, no agreement has been reached with a buyer for the property. The ultimate goal is to suspend the operations at GRM for 2-3 years, while an urban real estate developer refurbishes the property and allots new space to GRM as part of a much larger property enhancement. At that point, GRM plans to begin operating again, recapitalized, with new space and new ministry partners, at the same location.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2019 and 2018

18. SUBSEQUENT EVENTS, continued:

Subsequent to September 30, 2019, in March 2020, Christian Herald made the decision to explore selling its property at 45-51 Avenue D, in New York City. Christian Herald has determined that the benefits of the proceeds from the potential sale of this property are of more benefit to Christian Herald's overall mission and strategic plan than the capacity the Avenue D property currently provides. The Board of Directors of Christian Herald has approved retaining a commercial real estate agent to further explore marketing and selling the property. Christian Herald has signed a contract with this agent. The net book value of the property as of the date the consolidated and combined financial statements were available to be issued is approximately \$1,700,000. While the anticipated sale price would likely be significantly greater than the net book value of the property, the market value of the property is difficult to assess given the current environment due to the COVID-19 pandemic (see below).

Subsequent to September 30, 2019, the COVID-19 outbreak in the United States has caused disruption through mandated and voluntary closings and/or transitions to remote work of numerous businesses, including Christian Herald. While the disruptions are currently expected to be temporary, there is considerable uncertainty around the duration of the disruptions. Therefore, Christian Herald expects that this could have a negative effect on operations and a negative effect on contributions, both monetary and gifts-in-kind. However, the related financial impact and duration cannot be reasonably estimated at this time.

In response to the COVID-19 outbreak, on May 1, 2020, CHA, NYCRM and GRM received approximately \$1,989,000, \$318,000, and \$127,000, respectively, of Paycheck Protection Program Loans (PPPL) through the Small Business Administration.

## **SUPPLEMENTARY INFORMATION**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

Board of Directors  
Christian Herald Association, Inc. and Subsidiaries  
New York, New York

We have audited the consolidated and combined financial statements of Christian Herald Association Inc. and Subsidiaries as of and for the years ended September 30, 2019 and 2018, and have issued our report thereon dated November 18, 2020, which contained an unmodified opinion on those consolidated and combined financial statements, appears on page 1. Our audits were performed for the purpose of forming an opinion on the consolidated and combined financial statements as a whole. The consolidating and combining schedules of financial position and change in net assets are presented for the purposes of additional analysis of the consolidated and combined financial statements rather than to present the financial position and results of operations of the individual organizations, and it is not a required part of the consolidated and combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated and combined financial statements. The consolidating and combining information has been subjected to the auditing procedures applied in the audits of the consolidated and combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated and combined financial statements or to the consolidated and combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, which insofar as it relates to New York City Rescue Mission, Inc. and Goodwill Rescue Mission, Inc., as of and for the year ended September 30, 2018, is based on the reports of other auditors, the information is fairly stated in all material respects in relation to the consolidated and combined financial statements as a whole.

*Capin Crouse LLP*

New York, New York  
November 18, 2020

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidating and Combining Schedule of Financial Position

September 30, 2019

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
ASSETS:								
Cash and cash equivalents	\$ 1,866,838	\$ -	\$ -	\$ 6,421	\$ 155,972	\$ 204,880	\$ -	\$ 2,234,111
Accounts receivable	3,499,719	12,000	-	-	110,103	-	(3,525,669)	96,153
Government grants receivable	-	-	-	189,680	-	-	-	189,680
Pledges receivable-net	2,078,888	-	-	-	14,017	-	-	2,092,905
Prepaid expenses	204,496	-	-	-	31,077	1,653	-	237,226
Deposits and other assets	379,246	-	-	11,062	2,300	6,840	-	399,448
Investments	7,140,371	30,513	-	-	-	-	-	7,170,884
Land, buildings and equipment-net	16,402,445	100,000	-	1,790,624	26,096,711	2,505,479	-	46,895,259
Beneficial interest in perpetual trusts	1,658,699	-	-	-	-	-	-	1,658,699
Total Assets	<u>\$ 33,230,702</u>	<u>\$ 142,513</u>	<u>\$ -</u>	<u>\$ 1,997,787</u>	<u>\$ 26,410,180</u>	<u>\$ 2,718,852</u>	<u>\$ (3,525,669)</u>	<u>\$ 60,974,365</u>

(continued)

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidating and Combining Schedule of Financial Position

September 30, 2019

(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
<b>LIABILITIES AND NET ASSETS:</b>								
Liabilities:								
Accounts payable and accrued expenses	\$ 1,335,493	\$ 1,500	\$ 404,531	\$ 351,115	\$ 2,497,458	\$ 1,109,660	\$ (3,525,669)	\$ 2,174,088
Deferred revenue	173,074	-	-	-	-	-	-	173,074
Post-retirement benefits payable	612,824	-	-	404,139	-	-	-	1,016,963
Deferred compensation liability	130,412	-	-	-	-	-	-	130,412
Note and lines of credit payable	3,761,173	-	-	-	-	198,020	-	3,959,193
Notes payable - recoverable subsidies	1,840,000	-	-	-	2,700,000	-	-	4,540,000
<b>Total liabilities</b>	<b>7,852,976</b>	<b>1,500</b>	<b>404,531</b>	<b>755,254</b>	<b>5,197,458</b>	<b>1,307,680</b>	<b>(3,525,669)</b>	<b>11,993,730</b>
Net Assets:								
Without donor restrictions	14,971,317	141,013	(404,531)	1,242,533	21,212,722	1,411,172	-	38,574,226
With donor restrictions	10,406,409	-	-	-	-	-	-	10,406,409
<b>Total net assets</b>	<b>25,377,726</b>	<b>141,013</b>	<b>(404,531)</b>	<b>1,242,533</b>	<b>21,212,722</b>	<b>1,411,172</b>	<b>-</b>	<b>48,980,635</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 33,230,702</b>	<b>\$ 142,513</b>	<b>\$ -</b>	<b>\$ 1,997,787</b>	<b>\$ 26,410,180</b>	<b>\$ 2,718,852</b>	<b>\$ (3,525,669)</b>	<b>\$ 60,974,365</b>

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidating and Combining Schedule of Financial Position

September 30, 2018

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
<b>ASSETS:</b>								
Cash and cash equivalents	\$ 1,526,862	\$ 29,137	\$ -	\$ 6,421	\$ 188,225	\$ 102,958	\$ -	\$ 1,853,603
Accounts receivable	2,069,442	12,000	-	-	158,561	-	(2,078,713)	161,290
Government grants receivable	-	-	-	189,680	-	-	-	189,680
Pledges receivable-net	2,410,272	-	-	-	68,574	104,955	(14,455)	2,569,346
Prepaid expenses	280,744	-	-	-	40,262	7,749	-	328,755
Deposits and other assets	266,686	-	-	11,062	-	6,840	-	284,588
Investments	13,500,929	30,513	-	-	-	-	-	13,531,442
Land, buildings and equipment-net	16,429,863	100,000	-	1,892,848	25,900,396	2,541,325	-	46,864,432
Beneficial interest in perpetual trusts	1,724,750	-	-	-	-	-	-	1,724,750
<b>Total Assets</b>	<b>\$ 38,209,548</b>	<b>\$ 171,650</b>	<b>\$ -</b>	<b>\$ 2,100,011</b>	<b>\$ 26,356,018</b>	<b>\$ 2,763,827</b>	<b>\$ (2,093,168)</b>	<b>\$ 67,507,886</b>

(continued)

See independent auditors' report on supplementary information



# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidating and Combining Schedule of Financial Position

September 30, 2018

(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
LIABILITIES AND NET ASSETS:								
Liabilities:								
Accounts payable and accrued expenses	\$ 763,016	\$ 1,500	\$ 439,449	\$ 351,114	\$ 1,337,723	\$ 481,680	\$ (2,093,168)	\$ 1,281,314
Deferred revenue	64,225	-	-	-	-	-	-	64,225
Post-retirement benefits payable	575,921	-	-	380,802	-	-	-	956,723
Deferred compensation liability	121,665	-	-	-	-	-	-	121,665
Note and lines of credit payable	3,798,418	-	-	-	-	205,977	-	4,004,395
Notes payable - recoverable subsidies	1,840,000	-	-	-	2,700,000	-	-	4,540,000
Total liabilities	7,163,245	1,500	439,449	731,916	4,037,723	687,657	(2,093,168)	10,968,322
Net Assets:								
Without donor restrictions	19,090,367	170,150	(439,449)	1,368,095	22,317,844	1,858,518	-	44,365,525
With donor restrictions	11,955,936	-	-	-	451	217,652	-	12,174,039
Total net assets	31,046,303	170,150	(439,449)	1,368,095	22,318,295	2,076,170	-	56,539,564
Total Liabilities and Net Assets	<u>\$ 38,209,548</u>	<u>\$ 171,650</u>	<u>\$ -</u>	<u>\$ 2,100,011</u>	<u>\$ 26,356,018</u>	<u>\$ 2,763,827</u>	<u>\$ (2,093,168)</u>	<u>\$ 67,507,886</u>

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidating and Combining Schedule of Change in Net Assets

Year Ended September 30, 2019

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
SUPPORT AND REVENUE:								
Support:								
Contributions and grants	\$ 9,700,485	\$ -	\$ 34,918	\$ -	\$ 2,219,197	\$ 1,169,307	\$ -	\$13,123,907
Special events-net (Note 11)	1,294,924	-	-	-	-	-	-	1,294,924
Gifts-in-kind	5,475,261	-	-	-	1,545,301	306,723	-	7,327,285
Volunteer services	163,459	-	-	-	29,810	-	-	193,269
Total support	16,634,129	-	34,918	-	3,794,308	1,476,030	-	21,939,385
Revenue:								
Dividends and interest (net of fees)	245,166	-	-	-	2	1,397	-	246,565
Retreat center, camp fees and after school program	445,177	-	-	-	-	-	-	445,177
Other income (loss)	135,715	-	-	-	34,563	(1,823)	-	168,455
Total revenue	826,058	-	-	-	34,565	(426)	-	860,197
Total Support and Revenue	17,460,187	-	34,918	-	3,828,873	1,475,604	-	22,799,582

(continued)

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidating and Combining Schedule of Change in Net Assets

Year Ended September 30, 2019

(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
EXPENSES:								
Program services:								
The Bowery Mission and Women's Center	13,961,147	29,137	-	102,225	-	-	-	14,092,509
Mont Lawn Summer and City Camps and Retreat Center	1,867,032	-	-	-	-	-	-	1,867,032
New York City Rescue Mission	-	-	-	-	3,936,727	-	-	3,936,727
Goodwill Rescue Mission	-	-	-	-	-	1,536,805	-	1,536,805
Total program services	15,828,179	29,137	-	102,225	3,936,727	1,536,805	-	21,433,073
Supporting services:								
Management and general	1,751,451	-	-	-	220,699	192,599	-	2,164,749
Fundraising	4,930,544	-	-	-	777,020	411,198	-	6,118,762
Total supporting services	6,681,995	-	-	-	997,719	603,797	-	8,283,511
Total Expenses	22,510,174	29,137	-	102,225	4,934,446	2,140,602	-	29,716,584
Change in Net Assets Before Other Changes	(5,049,987)	(29,137)	34,918	(102,225)	(1,105,573)	(664,998)	-	(6,917,002)

(continued)

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidating and Combining Schedule of Change in Net Assets

Year Ended September 30, 2019

(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
Other Changes in Net Assets:								
Realized and unrealized loss on investments	(511,941)	-	-	-	-	-	-	(511,941)
Change in liability for post-retirement benefits	(40,598)	-	-	(23,337)	-	-	-	(63,935)
Change in value of perpetual trusts	(66,051)	-	-	-	-	-	-	(66,051)
Total Other Changes in Net Assets	(618,590)	-	-	(23,337)	-	-	-	(641,927)
Change in Net Assets	(5,668,577)	(29,137)	34,918	(125,562)	(1,105,573)	(664,998)	-	(7,558,929)
Net Assets, Beginning of Year	31,046,303	170,150	(439,449)	1,368,095	22,318,295	2,076,170	-	56,539,564
Net Assets, End of Year	<u>\$25,377,726</u>	<u>\$ 141,013</u>	<u>\$ (404,531)</u>	<u>\$ 1,242,533</u>	<u>\$21,212,722</u>	<u>\$ 1,411,172</u>	<u>\$ -</u>	<u>\$48,980,635</u>

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidating and Combining Schedule of Change in Net Assets

Year Ended September 30, 2018

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
SUPPORT AND REVENUE:								
Support:								
Contributions and grants	\$ 9,285,035	\$ -	\$ -	\$ -	\$ 2,811,541	\$ 1,511,683	\$ -	\$13,608,259
Special events-net (Note 11)	1,582,483	-	-	-	-	-	-	1,582,483
Gifts-in-kind	2,710,449	-	-	-	2,633,991	284,729	-	5,629,169
Volunteer services	98,364	-	-	-	52,983	-	-	151,347
Total support	13,676,331	-	-	-	5,498,515	1,796,412	-	20,971,258
Revenue:								
Dividends and interest (net of fees)	326,499	87	-	-	48	-	-	326,634
Retreat center, camp fees and after school program	391,511	-	-	-	-	-	-	391,511
Other income	140,259	12,000	-	-	-	21,222	(12,000)	161,481
Total revenue	858,269	12,087	-	-	48	21,222	(12,000)	879,626
Total Support and Revenue	14,534,600	12,087	-	-	5,498,563	1,817,634	(12,000)	21,850,884

(continued)

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidating and Combining Schedule of Change in Net Assets

Year Ended September 30, 2018

(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
EXPENSES:								
Program services:								
The Bowery Mission and Women's Center	10,320,731	-	-	115,273	-	-	(12,000)	10,424,004
Mont Lawn Summer and City Camps and Retreat Center	2,347,472	-	-	-	-	-	-	2,347,472
New York City Rescue Mission	-	-	-	-	4,612,221	-	-	4,612,221
Goodwill Rescue Mission	-	-	-	-	-	1,362,226	-	1,362,226
Total program services	12,668,203	-	-	115,273	4,612,221	1,362,226	(12,000)	18,745,923
Supporting services:								
Management and general	1,431,407	46,499	707	-	319,731	366,971	-	2,165,315
Fundraising	3,547,128	-	-	-	1,000,207	688,024	-	5,235,359
Total supporting services	4,978,535	46,499	707	-	1,319,938	1,054,995	-	7,400,674
Total Expenses	17,646,738	46,499	707	115,273	5,932,159	2,417,221	(12,000)	26,146,597
Change in Net Assets Before Other Changes	(3,112,138)	(34,412)	(707)	(115,273)	(433,596)	(599,587)	-	(4,295,713)

(continued)

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidating and Combining Schedule of Change in Net Assets

Year Ended September 30, 2018

(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
Other Changes in Net Assets:								
Realized and unrealized gain on investments	404,472	-	-	-	-	-	-	404,472
Change in liability for post-retirement benefits	82,432	-	-	101,903	-	-	-	184,335
Change in value of perpetual trusts	162,491	-	-	-	-	-	-	162,491
Acquisition of New York City Rescue Mission, Inc. (Note 15)	-	-	-	-	22,751,891	-	-	22,751,891
Total Other Changes in Net Assets	649,395	-	-	101,903	22,751,891	-	-	23,503,189
Change in Net Assets	(2,462,743)	(34,412)	(707)	(13,370)	22,318,295	(599,587)	-	19,207,476
Net Assets, Beginning of Year	33,509,046	204,562	(438,742)	1,381,465	-	2,675,757	-	37,332,088
Net Assets, End of Year	<u>\$31,046,303</u>	<u>\$ 170,150</u>	<u>\$ (439,449)</u>	<u>\$ 1,368,095</u>	<u>\$22,318,295</u>	<u>\$ 2,076,170</u>	<u>\$ -</u>	<u>\$56,539,564</u>

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