

CHRISTIAN HERALD  
ASSOCIATION, INC.  
AND AFFILIATES

Consolidated and Combined  
Financial Statements  
With Independent Auditors' Report

September 30, 2017 and 2016

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying consolidated and combined financial statements of Christian Herald Association Inc. and Affiliates, which comprise the consolidated and combined statements of financial position as of September 30, 2017 and 2016, 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 financial statements of Goodwill Rescue Mission, Inc., an affiliate, which statements reflect total net assets of \$2,675,757 and \$2,795,547 as of September 30, 2017 and 2016, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Goodwill Rescue Mission, Inc., is based solely on the report 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 Affiliates  
New York, New York

***Opinion***

In our opinion, based on our audits and the report of the other auditors, 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 Affiliates as of September 30, 2017 and 2016, and the consolidated and combined changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

New York, New York  
May 14, 2018

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Consolidated and Combined Statements of Financial Position

	September 30,	
	2017	2016
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,376,111	\$ 1,110,030
Accounts receivable	63,844	425,734
Government grants receivable	448,389	301,440
Pledges receivable-net	2,830,213	752,006
Prepaid expenses	501,113	323,873
Deposits and other assets	339,139	332,799
Investments	16,696,347	17,165,797
Land, buildings and equipment-net	20,048,804	20,366,107
Beneficial interest in perpetual trusts	1,562,259	1,475,835
	<b>\$ 43,866,219</b>	<b>\$ 42,253,621</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 946,956	\$ 872,059
Deferred revenue	28,282	57,714
Post-retirement benefits payable	1,141,058	1,227,696
Deferred compensation liability	110,722	85,464
Note and lines of credit payable	2,467,113	27,705
Recoverable subsidies	1,840,000	1,840,000
	<b>6,534,131</b>	<b>4,110,638</b>
Net assets:		
Unrestricted:		
Unrestricted	388,273	199,667
Board designated	4,750,458	8,748,171
Net investment in land, buildings, and equipment	20,005,207	20,292,298
Total unrestricted	25,143,938	29,240,136
Temporarily restricted	5,122,268	1,923,389
Permanently restricted	7,065,882	6,979,458
	<b>37,332,088</b>	<b>38,142,983</b>
Total net assets	<b>\$ 43,866,219</b>	<b>\$ 42,253,621</b>
Total Liabilities and Net Assets	<b>\$ 43,866,219</b>	<b>\$ 42,253,621</b>

See notes to consolidated and combined financial statements

## CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

### Consolidated and Combined Statements of Activities

	Year Ended September 30,							
	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS:								
Support:								
Contributions	\$ 8,355,675	\$ 3,544,707	\$ -	\$ 11,900,382	\$ 7,350,798	\$ 707,981	\$ -	\$ 8,058,779
Government grants for Bowery Mission Transitional Center	1,685,408	-	-	1,685,408	1,742,818	-	-	1,742,818
Government grants for children's programs	51,129	-	-	51,129	55,521	-	-	55,521
Special events-net	1,030,192	-	-	1,030,192	1,139,769	-	-	1,139,769
Gifts-in-kind	3,663,304	-	-	3,663,304	4,378,122	-	-	4,378,122
Volunteer services	114,695	-	-	114,695	92,484	-	-	92,484
<b>Total support</b>	<b>14,900,403</b>	<b>3,544,707</b>	<b>-</b>	<b>18,445,110</b>	<b>14,759,512</b>	<b>707,981</b>	<b>-</b>	<b>15,467,493</b>
Revenue:								
Dividends and interest (net of fees)	191,903	86,540	-	278,443	77,452	88,100	-	165,552
Distributions from perpetual trusts	61,216	-	-	61,216	72,531	-	-	72,531
Retreat center, camp fees, and after school program	372,839	-	-	372,839	533,366	-	-	533,366
Other income	69,976	-	-	69,976	36,891	-	-	36,891
<b>Total revenue</b>	<b>695,934</b>	<b>86,540</b>	<b>-</b>	<b>782,474</b>	<b>720,240</b>	<b>88,100</b>	<b>-</b>	<b>808,340</b>
Reclassifications:								
Satisfaction of restrictions	858,703	(858,703)	-	-	1,006,033	(1,006,033)	-	-
<b>Total Support, Revenue and Reclassifications</b>	<b>16,455,040</b>	<b>2,772,544</b>	<b>-</b>	<b>19,227,584</b>	<b>16,485,785</b>	<b>(209,952)</b>	<b>-</b>	<b>16,275,833</b>

(continued)

See notes to consolidated and combined financial statements

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Consolidated and Combined Statements of Activities

(continued)

	Year Ended September 30,							
	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
EXPENSES:								
Program services:								
The Bowery Mission and Women's Center	9,742,357	-	-	9,742,357	9,415,127	-	-	9,415,127
Mont Lawn Summer and City Camps and Retreat Center	2,300,409	-	-	2,300,409	2,215,173	-	-	2,215,173
Bowery Mission Transitional Center	1,840,748	-	-	1,840,748	1,840,280	-	-	1,840,280
Goodwill Rescue Mission	1,206,049	-	-	1,206,049	477,041	-	-	477,041
Total program services	15,089,563	-	-	15,089,563	13,947,621	-	-	13,947,621
Supporting services:								
Management and general	2,047,008	-	-	2,047,008	1,807,874	-	-	1,807,874
Development and communications	3,931,247	-	-	3,931,247	2,839,202	-	-	2,839,202
Total supporting activities	5,978,255	-	-	5,978,255	4,647,076	-	-	4,647,076
Total Expenses	21,067,818	-	-	21,067,818	18,594,697	-	-	18,594,697
Change in Net Assets Before Other Changes	(4,612,778)	2,772,544	-	(1,840,234)	(2,108,912)	(209,952)	-	(2,318,864)

(continued)

See notes to consolidated and combined financial statements

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Consolidated and Combined Statements of Activities

(continued)

	Year Ended September 30,							
	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Other Changes in Net Assets:								
Realized and unrealized gains (losses) on investments	429,942	426,335	-	856,277	291,169	364,559	-	655,728
Change in liability for post-retirement benefits	86,638	-	-	86,638	(275,923)	-	-	(275,923)
Change in value of perpetual trusts	-	-	86,424	86,424	-	-	40,781	40,781
Acquisition of Goodwill Rescue Mission, Inc.	-	-	-	-	2,180,000	57,297	75,000	2,312,297
Total Other Changes in Net Assets	516,580	426,335	86,424	1,029,339	2,195,246	421,856	115,781	2,732,883
Change in Net Assets	(4,096,198)	3,198,879	86,424	(810,895)	86,334	211,904	115,781	414,019
Net Assets, Beginning of Year	29,240,136	1,923,389	6,979,458	38,142,983	29,153,802	1,711,485	6,863,677	37,728,964
Net Assets, End of Year	\$ 25,143,938	\$ 5,122,268	\$ 7,065,882	\$ 37,332,088	\$ 29,240,136	\$ 1,923,389	\$ 6,979,458	\$ 38,142,983

See notes to consolidated and combined financial statements



# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Consolidated and Combined Statements of Cash Flows

	Year Ended September 30,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (810,895)	\$ 414,019
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	902,733	787,412
Realized and unrealized (gain) loss on investments	(856,277)	(655,728)
Change in value of beneficial interest in perpetual trusts	(86,424)	(40,781)
Contributions for acquisition of land, buildings and equipment	(3,116,000)	(38,000)
Bad debt expense, pledges receivable	77,542	-
Acquisition of Goodwill Rescue Mission, Inc.	-	(2,312,297)
Changes in:		
Accounts receivable	361,890	616,461
Government grants receivable	(146,949)	(140,175)
Pledges receivable	159,251	(40,114)
Prepaid expenses	(177,240)	29,139
Accrued interest receivable	-	28,083
Deposits and other assets	(6,340)	(69,793)
Accounts payable and accrued expenses	74,897	(239,442)
Deferred revenue	(29,432)	4,652
Post-retirement benefits payable	(86,638)	275,923
Deferred compensation liability	25,258	8,337
Net Cash Used by Operating Activities	(3,714,624)	(1,372,304)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(5,753,996)	(13,471,821)
Proceeds from sale of investments	7,079,723	8,273,356
Acquisition of land, buildings and equipment	(585,430)	(912,366)
Net Cash Provided (Used) by Investing Activities	740,297	(6,110,831)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions for acquisition of land, buildings and equipment	801,000	264,000
Proceeds from borrowing on lines of credit	2,634,538	86,275
Principal payments on note and lines of credit payable	(195,130)	(3,630,340)
Recoverable subsidies received	-	589,643
Net Cash Provided (Used) by Financing Activities	3,240,408	(2,690,422)
Change in Cash and Cash Equivalents	266,081	(10,173,557)
Cash and Cash Equivalents, Beginning of Year	1,110,030	11,283,587
Cash and Cash Equivalents, End of Year	\$ 1,376,111	\$ 1,110,030
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid for interest	\$ 11,779	\$ 23,030

See notes to consolidated and combined financial statements

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Consolidated and Combined Statement of Functional Expenses

Year Ended September 30, 2017

	The Bowery Mission and Women's Center	Mont Lawn Summer and City Camps and Retreat Center	Bowery Mission Transitional Center	Goodwill Rescue Mission	Total Program Services	Management and General	Development and Communications	Total Supporting Services	Total
Salaries and wages	\$ 3,591,448	\$ 1,026,775	\$ 961,392	\$ 402,573	\$ 5,982,188	\$ 658,006	\$ 1,512,677	\$ 2,170,683	\$ 8,152,871
Payroll taxes	269,850	68,122	88,662	30,797	457,431	87,351	126,416	213,767	671,198
Employee benefits	513,452	127,048	206,552	87,150	934,202	127,353	172,728	300,081	1,234,283
Other post retirement benefits	8,828	2,523	-	-	11,351	1,617	3,718	5,335	16,686
Grants to other organizations	30,000	-	-	-	30,000	-	-	-	30,000
Gifts-in-kind distributed	1,876,044	-	-	-	1,876,044	-	-	-	1,876,044
Food	853,087	78,248	129,820	394,136	1,455,291	-	-	-	1,455,291
Occupancy	693,146	225,278	145,736	123,212	1,187,372	245,943	138,534	384,477	1,571,849
Advertising and promotion	595	195	-	-	790	-	374,231	374,231	375,021
Professional fees	-	-	-	1,260	1,260	152,993	-	152,993	154,253
Consulting and outside services	94,841	119,161	-	-	214,002	67,125	279,370	346,495	560,497
Volunteer services	114,695	-	-	-	114,695	-	-	-	114,695
Program stipends	107,518	7,737	-	-	115,255	-	-	-	115,255
Program and general supplies	887,931	106,681	19,292	41,786	1,055,690	248,485	52,617	301,102	1,356,792
Printing	5,809	-	-	2,864	8,673	-	717,389	717,389	726,062
Postage	1,141	10,639	382	-	12,162	1,734	12,420	14,154	26,316
Insurance	112,381	45,603	39,951	22,660	220,595	77,048	27,774	104,822	325,417
Interest	8,513	-	-	-	8,513	3,266	-	3,266	11,779
Travel and transportation	153,548	68,780	26,007	-	248,335	39,192	16,451	55,643	303,978
Telephone and communications	67,095	16,011	13,039	-	96,145	19,860	32,359	52,219	148,364
Equipment rental and maintenance	41,189	37,855	104,004	8,238	191,286	92,059	137,220	229,279	420,565
Staff training and development	6,321	23,436	-	-	29,757	74,519	896	75,415	105,172
Dues, subscriptions, and books	2,662	10,511	-	-	13,173	37,629	19,359	56,988	70,161
Bank and credit card fees	-	1,906	-	-	1,906	15,373	81,252	96,625	98,531
Bad debt expense	-	-	-	-	-	-	77,542	77,542	77,542
Miscellaneous	3,431	12,871	262	-	16,564	15,009	134,890	149,899	166,463
Total expenses before depreciation	9,443,525	1,989,380	1,735,099	1,114,676	14,282,680	1,964,562	3,917,843	5,882,405	20,165,085
Depreciation	298,832	311,029	105,649	91,373	806,883	82,446	13,404	95,850	902,733
Total Expenses	<u>\$ 9,742,357</u>	<u>\$ 2,300,409</u>	<u>\$ 1,840,748</u>	<u>\$ 1,206,049</u>	<u>\$ 15,089,563</u>	<u>\$ 2,047,008</u>	<u>\$ 3,931,247</u>	<u>\$ 5,978,255</u>	<u>\$ 21,067,818</u>

See notes to consolidated and combined financial statements

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Consolidated and Combined Statement of Functional Expenses

Year Ended September 30, 2016

	The Bowery Mission and Women's Center	Mont Lawn Summer and City Camps and Retreat Center	Bowery Mission Transitional Center	Goodwill Rescue Mission	Total Program Services	Management and General	Development and Communications	Total Supporting Services	Total
Salaries and wages	\$ 2,695,536	\$ 993,295	\$ 962,434	\$ 188,382	\$ 4,839,647	\$ 721,104	\$ 1,139,615	\$ 1,860,719	\$ 6,700,366
Payroll taxes	217,193	65,580	91,506	14,411	388,690	77,532	98,028	175,560	564,250
Employee benefits	376,986	120,574	181,497	41,428	720,485	108,541	117,226	225,767	946,252
Other post retirement benefits	9,141	3,368	-	-	12,509	2,445	3,865	6,310	18,819
Gifts-in-kind distributed	2,047,326	-	-	-	2,047,326	-	-	-	2,047,326
Food	1,465,262	136,172	132,214	127,820	1,861,468	-	-	-	1,861,468
Occupancy	597,727	195,011	133,609	42,755	969,102	205,143	128,014	333,157	1,302,259
Advertising and promotion	716	528	-	-	1,244	-	111,574	111,574	112,818
Professional fees	100	-	-	-	100	108,965	-	108,965	109,065
Consulting and outside services	96,466	74,265	-	-	170,731	38,985	118,340	157,325	328,056
Volunteer services	77,484	-	-	-	77,484	-	-	-	77,484
Program stipends	122,616	3,407	-	-	126,023	-	-	-	126,023
Program and general supplies	971,279	92,486	16,388	16,280	1,096,433	79,843	46,363	126,206	1,222,639
Printing	508	-	-	-	508	2,886	625,092	627,978	628,486
Postage	820	640	68	-	1,528	3,744	54,837	58,581	60,109
Insurance	151,879	70,864	39,433	4,342	266,518	51,423	30,136	81,559	348,077
Interest	22,267	-	-	-	22,267	763	-	763	23,030
Travel and transportation	156,765	72,846	27,751	-	257,362	46,226	19,728	65,954	323,316
Telephone and communications	59,345	16,440	14,059	-	89,844	23,064	37,152	60,216	150,060
Equipment rental and maintenance	33,297	19,513	135,227	6,027	194,064	100,977	59,833	160,810	354,874
Staff training and development	4,231	16,715	-	-	20,946	82,595	16,624	99,219	120,165
Dues, subscriptions and books	1,494	6,796	-	-	8,290	29,678	17,674	47,352	55,642
Bank and credit card fees	-	1,075	-	-	1,075	4,208	87,176	91,384	92,459
Miscellaneous	24,763	32,164	384	-	57,311	61,651	115,280	176,931	234,242
Total expenses before depreciation	9,133,201	1,921,739	1,734,570	441,445	13,230,955	1,749,773	2,826,557	4,576,330	17,807,285
Depreciation	281,926	293,434	105,710	35,596	716,666	58,101	12,645	70,746	787,412
Total Expenses	\$ 9,415,127	\$ 2,215,173	\$ 1,840,280	\$ 477,041	\$ 13,947,621	\$ 1,807,874	\$ 2,839,202	\$ 4,647,076	\$ 18,594,697

See notes to consolidated and combined financial statements

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

### 1. NATURE OF ORGANIZATION:

Christian Herald Association, Inc. (doing business as The Bowery Mission), and its Affiliates, Heartsease Home, Inc., The Bowery Mission Foundation, Inc., Christian Herald Housing Development Fund Corporation 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 U.S. Internal Revenue Code (the Code) and comparable state laws. Contributions to Christian Herald and its Affiliates qualify for deductions within the limitations prescribed by the Code. However, Christian Herald and its Affiliates are subject to federal income tax on any unrelated business taxable income. Christian Herald and its Affiliates are not classified as private foundations within the meaning of Section 509(a) of the Code. 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 affiliates.

Christian Herald Housing Development Fund Corporation (CHHDFC) was incorporated on November 25, 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 - 49 Avenue D, in New York City (the 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 and who previously resided in the City's emergency shelter facilities. 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.

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

1. NATURE OF ORGANIZATION, continued:

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 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 will continue 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, referred to as "Christian Herald", include the accounts of CHA, Heartsease, the Foundation, CHHDFC and GRM. CHA and CHHDFC are under common members of Board of Directors, officers and management.

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, 2017 and 2016, and for CHHDFC as of and for the years ended June 30, 2017 and 2016. The balances and changes in net assets for GRM in the 2016 columns of these consolidated and combined financial statements are reflected for the period of acquisition on May 19, 2016 through September 30, 2016.

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.

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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. While at times cash balances may exceed federally insured (FDIC) limits, Christian Herald has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on these accounts.

#### 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 pledges 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. For the year ended September 30, 2017, the discount rate used was 3.73%. No discount was recorded for the year ended September 30, 2016. Amortization of discounts is reported as a component of contribution support. 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 stated at fair value. Interest and dividends (net of investment fees) and realized and unrealized gains and losses are included as unrestricted revenue, or in the case of endowment assets, temporarily restricted revenue 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.

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### DISCLOSURES ABOUT FAIR VALUE OF ASSETS

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

	September 30, 2017			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 1,584,290	\$ 1,584,290	\$ -	\$ -
Certificates of deposit	30,426	-	30,426	-
Mutual and exchange traded funds:				
Fixed income funds	3,945,287	3,945,287	-	-
U.S. equity funds	908,676	908,676	-	-
International equity funds	446,115	446,115	-	-
Real estate funds	279,660	279,660	-	-
Total mutual and exchange traded funds	5,579,738	5,579,738	-	-
Fixed income investments:				
Corporate bonds	2,187,594	2,187,594	-	-
U.S. Government securities	1,217,268	1,217,268	-	-
Total fixed income investments	3,404,862	3,404,862	-	-

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DISCLOSURES ABOUT FAIR VALUE OF ASSETS, continued

	September 30, 2017			
	Fair Value	Level 1	Level 2	Level 3
Equity securities:				
Information technology	1,619,892	1,619,892	-	-
Healthcare	933,415	933,415	-	-
Financials	834,643	834,643	-	-
Industrials	766,162	766,162	-	-
Consumer discretionary	733,960	733,960	-	-
Consumer staples	456,164	456,164	-	-
Energy	327,385	327,385	-	-
Telecommunications	244,909	244,909	-	-
Materials	180,501	180,501	-	-
	6,097,031	6,097,031	-	-
Total equity securities			-	-
Total investments	16,696,347	16,665,921	30,426	-
Beneficial interest in perpetual trusts	1,562,259	-	-	1,562,259
	\$ 18,258,606	\$ 16,665,921	\$ 30,426	\$ 1,562,259
	September 30, 2016			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 2,661,494	\$ 2,661,494	\$ -	\$ -
Certificates of deposit	30,426	-	30,426	-
Mutual and exchange traded funds:				
Fixed income funds	5,584,846	5,584,846	-	-
U.S. equity funds	1,000,639	1,000,639	-	-
Real estate funds	541,016	541,016	-	-
International equity funds	388,011	388,011	-	-
	7,514,512	7,514,512	-	-
Total mutual and exchange traded funds			-	-



# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DISCLOSURES ABOUT FAIR VALUE OF ASSETS, continued

	September 30, 2016			
	Fair Value	Level 1	Level 2	Level 3
Fixed income investments:				
Corporate bonds	1,254,318	1,254,318	-	-
U.S. Government securities	403,895	403,895	-	-
<b>Total fixed income investments</b>	<b>1,658,213</b>	<b>1,658,213</b>	-	-
Equity securities:				
Healthcare	1,116,618	1,116,618	-	-
Technology	967,264	967,264	-	-
Financials	694,636	694,636	-	-
Energy	639,149	639,149	-	-
Industrials	497,758	497,758	-	-
Consumer staples	492,461	492,461	-	-
Consumer discretionary	448,466	448,466	-	-
Telecommunications	267,490	267,490	-	-
Materials	177,310	177,310	-	-
<b>Total equity securities</b>	<b>5,301,152</b>	<b>5,301,152</b>	-	-
<b>Total investments</b>	<b>17,165,797</b>	<b>17,135,371</b>	<b>30,426</b>	-
Beneficial interest in perpetual trusts	1,475,835	-	-	1,475,835
	<b>\$ 18,641,632</b>	<b>\$ 17,135,371</b>	<b>\$ 30,426</b>	<b>\$ 1,475,835</b>

### 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 (\$3,000 for GRM), 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.

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### LAND, BUILDINGS, EQUIPMENT AND DEPRECIATION, continued

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

#### RECOVERABLE SUBSIDIES

CHA was approved for two Federal Home Loan Bank (FHLB) recoverable subsidies 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. As these recoverable subsidies are conditional, including a 15 year retention period during which FHLB can recover a portion or all of the funds should CHA not comply with various conditions, they are reported as recoverable subsidies on the consolidated and combined statements of financial position. At the end of the 15 year retention period of complying with various conditions, the subsidies will no longer be recoverable by the FHLB. As of both September 30, 2017 and 2016, \$1,840,000 of funds have been received. The 15 year retention periods for funds received expire in approximately 2030 through 2031.

#### NET ASSETS

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

*Unrestricted net assets* 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.

*Board designated net assets* are largely the result of a one-time bequest from 2009. The Board has approved the use of the bequest to invest in the expansion of the men's and women's ministries. In addition to these funds, the Board has set aside additional reserves that would aid in continuing to provide essential ministry services in the event of a prolonged economic downturn.

*Temporarily restricted net assets* 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.

*Permanently restricted net assets* are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted, temporarily restricted, or permanently restricted purposes.

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT, REVENUE, RECLASSIFICATIONS AND EXPENSES

Government grant revenue and other revenue is recognized when earned and support 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 restricted support 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 unrestricted support. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated and combined statements of activities as reclassifications for satisfaction of restrictions.

CHA 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.

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 \$115,000 and \$92,000 for the years ended September 30, 2017 and 2016, respectively, that meet current accounting standards.

CHHDFC received approximately 95% of its support from a single grant, from the New York City Department of Homeless Services. The current contract with the New York City Department of Homeless Services expired on June 30, 2017. Management does not intend to renew the contract with the New York City Department of Homeless Services going forward and instead will fund the organization through contributions.

Directly identifiable expenses are charged to program services and supporting services which include management and general and development and communications. 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. Advertising and promotion costs are expensed when incurred and were approximately \$375,000 and \$113,000 for the years ended September 30, 2017 and 2016, respectively. Christian Herald incurred no joint costs for the years ended September 30, 2017 and 2016.

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

3. ACCOUNTS RECEIVABLE:

Accounts receivable consist of the following:

	September 30,	
	2017	2016
Intervening receivable from CHHDFC	\$ 58,910	\$ 407,846
Retreat center fees receivable	4,570	17,888
Other receivables	364	-
	\$ 63,844	\$ 425,734

The intervening receivable from CHHDFC represents a difference in intercompany amounts due from CHHDFC to CHA between CHHDFC's fiscal year end of June 30, 2017 and 2016, and CHA's fiscal year end of September 30, 2017 and 2016. The intervening receivable relates only to the consolidated and combined statements of financial position and does not affect change in net assets.

4. GOVERNMENT GRANTS RECEIVABLE:

Government grants receivable consist of the following:

	September 30,	
	2017	2016
New York City Department of Homeless Services	\$ 526,724	\$ 376,944
Less: related advances to be recovered	(78,335)	(131,025)
	448,389	245,919
Grants receivable from other government entities	-	55,521
	\$ 448,389	\$ 301,440

5. PLEDGES RECEIVABLE:

Pledges receivable consist of the following:

	September 30,	
	2017	2016
Due within one year	\$ 1,389,240	\$ 611,506
Due in one to three years	1,605,000	140,500
	2,994,240	752,006
Less allowance for uncollectible pledges	(77,542)	-
Less unamortized discount	(86,485)	-
	\$ 2,830,213	\$ 752,006

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

6. INVESTMENTS:

Investments consist of the following:

	September 30,	
	2017	2016
Money market funds	\$ 1,584,290	\$ 2,661,494
Certificates of deposit	30,426	30,426
Mutual and exchange traded funds	5,579,738	7,514,512
Fixed income investments	3,404,862	1,658,213
Equity securities	6,097,031	5,301,152
	\$ 16,696,347	\$ 17,165,797

Endowment assets at September 30, 2017 and 2016, comprise approximately \$7,278,000 and \$6,765,000 of investment balances, respectively.

Investment income for the year ended September 30, 2017, is comprised of:

	Unrestricted	Temporarily Restricted	Totals
	Dividends and interest	\$ 242,855	\$ 147,878
Realized gains	81,147	284,801	365,948
Unrealized gains	348,795	141,534	490,329
Investment advisory fees	(50,952)	(61,338)	(112,290)
	\$ 621,845	\$ 512,875	\$ 1,134,720

Investment income for the year ended September 30, 2016, is comprised of:

	Unrestricted	Temporarily Restricted	Totals
	Dividends and interest	\$ 105,630	\$ 152,318
Realized gains	145,036	213,167	358,203
Unrealized gains	146,133	151,392	297,525
Investment advisory fees	(28,178)	(64,218)	(92,396)
	\$ 368,621	\$ 452,659	\$ 821,280

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

6. INVESTMENTS, continued:

ASSETS PLEDGED AS COLLATERAL

Christian Herald has a line of credit with a bank of up to \$4,000,000 (See Note 11). The line of credit is fully collateralized by cash and investments held at the bank. Christian Herald is only permitted to have outstanding borrowing on its line of credit in an amount up to 80% of the market value of cash and investments held with the bank at any given time. As of September 30, 2017, Christian Herald needed to maintain a fair market value of at least \$3,025,000 in investments with the bank as collateral for outstanding borrowing on the line of credit, which it was in compliance with.

7. LAND, BUILDINGS AND EQUIPMENT-NET:

Land, buildings and equipment-net consists of:

	September 30,	
	2017	2016
Land	\$ 1,804,980	\$ 1,804,980
Buildings and improvements	25,328,591	25,326,341
Furniture and fixtures	1,037,965	1,019,301
Vehicles and equipment	2,794,067	2,751,938
Construction in progress	922,058	399,673
	<u>31,887,661</u>	<u>31,302,233</u>
Less accumulated depreciation and amortization	<u>(11,838,857)</u>	<u>(10,936,126)</u>
	<u>\$ 20,048,804</u>	<u>\$ 20,366,107</u>

Construction in progress primarily includes renovations underway at The Bowery Mission and Mont Lawn Camp.

8. 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 permanently restricted net assets. For the years ended September 30, 2017 and 2016, the distributions from these trusts were approximately \$61,000 and \$73,000, respectively, and were recorded as unrestricted revenue in the consolidated and combined statements of activities.

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

9. DEFERRED REVENUE:

Deferred revenue consists of the following:

	September 30,	
	2017	2016
Camp retreat deposits	\$ 17,457	\$ 11,134
Special event revenue	10,825	46,580
	\$ 28,282	\$ 57,714

10. 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 unrestricted net assets.

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

	September 30,	
	2017	2016
Service cost	\$ 3,099	\$ 5,855
Interest cost	41,772	39,122
Amortization of actuarial (gain) loss	20,552	(1,453)
	\$ 65,423	\$ 43,524

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

	September 30,	
	2017	2016
Accumulated post-retirement benefit obligation at beginning of year	\$ 1,227,696	\$ 951,773
Service cost	3,099	5,855
Interest cost	41,772	39,122
Actuarial (gain) loss	(114,824)	249,765
Benefits paid	(16,685)	(18,819)
	\$ 1,141,058	\$ 1,227,696

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

10. POST-RETIREMENT BENEFITS PAYABLE, continued:

The actuarial gain for the year ended September 30, 2017, was impacted by an increase in the assumed discount rate. This resulted in a decrease in liabilities.

The accumulated post-retirement benefit obligation consists of:

	September 30,	
	2017	2016
Retirees	\$ 295,395	\$ 333,095
Active employees not yet eligible to receive benefits	64,897	68,999
Active employees eligible to receive benefits	780,766	825,602
	\$ 1,141,058	\$ 1,227,696

### 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,	
	2017	2016
Discount rate - CHA calculation	3.58%	3.29%
Discount rate - CHHDFC calculation	3.89%	3.66%

Changes in discount rate, demographics and mortality assumptions between 2017 and 2016 constitute a change in estimate. The effect of the change in estimate reported in the consolidated and combined financial statements was approximately \$115,000 and \$249,000 for the years ended September 30, 2017 and 2016, respectively.

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 5.70% in 2018, decreasing gradually to 3.89% in 2075. The rate of increase in per capita cost of covered prescription drug benefits is assumed to be 10.5% in 2018 decreasing gradually to 3.89% in 2075.

	1% Increase	1% Decrease
Effect on total service and interest cost components	\$ 8,657	\$ (6,827)
Effect on accumulated post-retirement benefit obligation	\$ 202,277	\$ (162,662)



# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

10. POST-RETIREMENT BENEFITS PAYABLE, continued:

CASH FLOWS

Christian Herald expects to expend an amount equal to the estimated future benefit payments for 2018. Shown below are estimated benefit payments, which reflect expected future service costs for fiscal years ending September 30:

2018	\$	37,495
2019		41,000
2020		42,485
2021		42,951
2022		46,238
2022-2024		262,216

11. NOTE AND LINES OF CREDIT PAYABLE:

Note and lines of credit payable consists of the following:

	September 30,	
	2017	2016
<p>CHA has a line of credit from a bank up to \$4,000,000. The line of credit is collateralized by investments held at that bank. Interest is calculated at a variable rate equal to 2.50% over the one month LIBOR (3.73% at September 30, 2017) and payments 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 March 31, 2020.</p>	\$ 2,420,000	\$ -
<p>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 September 30, 2017) 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, 2018.</p>	27,207	-
<p>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.</p>	19,906	27,705
	\$ 2,467,113	\$ 27,705

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

11. NOTE AND LINES OF CREDIT PAYABLE, continued:

Debt maturities for the succeeding three years are as follows:

<u>Year Ending September 30,</u>	
2018	\$ 36,435
2019	9,228
2020	<u>2,421,450</u>
	<u>\$ 2,467,113</u>

12. TEMPORARY RESTRICTED NET ASSETS:

Temporarily restricted net assets are as follows:

	September 30, 2017			
	Beginning Balance	Support and Revenue	Release from Restrictions	Ending Balance
Unappropriated endowment investment earnings	\$ 904,426	\$ 512,875	\$ 270,566	\$ 1,146,735
Pledges receivable - time restricted	325,006	244,048	9,814	559,240
New Hope capital campaign	427,000	-	242,000	185,000
New Hope Center	139,000	-	-	139,000
Other restricted purposes	74,522	164,100	147,106	91,516
Mont Lawn Camp programs	35,000	-	-	35,000
Buildings and equipment	18,435	3,136,559	189,217	2,965,777
	<u>\$ 1,923,389</u>	<u>\$ 4,057,582</u>	<u>\$ 858,703</u>	<u>\$ 5,122,268</u>

  

	September 30, 2016			
	Beginning Balance	Support and Revenue	Release from Restrictions	Ending Balance
Unappropriated endowment investment earnings	\$ 719,750	\$ 452,659	\$ 267,983	\$ 904,426
Pledges receivable - time restricted	-	376,166	51,160	325,006
New Hope capital campaign	781,023	879	354,902	427,000
New Hope Center	-	205,000	66,000	139,000
Other restricted purposes	83,522	140,000	149,000	74,522
Mont Lawn Camp programs	95,907	-	60,907	35,000
Buildings and equipment	31,283	43,233	56,081	18,435
	<u>\$ 1,711,485</u>	<u>\$ 1,217,937</u>	<u>\$ 1,006,033</u>	<u>\$ 1,923,389</u>

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

### 13. PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets are as follows:

	September 30,	
	2017	2016
Endowments	\$ 5,503,623	\$ 5,503,623
Beneficial interest in perpetual trusts	1,562,259	1,475,835
	<u>\$ 7,065,882</u>	<u>\$ 6,979,458</u>

### 14. ENDOWMENTS:

Christian Herald's endowments include donor-restricted funds and consist of individual funds established for specific program and general purposes. As required by generally accepted accounting principles (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 permanently restricted net assets (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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Christian Herald. 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%).

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

### 14. ENDOWMENTS, continued:

#### RETURN OBJECTIVES, RISK PARAMETERS AND SPENDING POLICY, continued

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, and in response to highly volatile market and environmental conditions, 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.

#### 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. There were 4 funds with deficiencies totaling approximately \$222,000 and \$332,000 at September 30, 2017 and 2016, respectively.

Endowment net asset composition by type of fund as of September 30, 2017, is as follows:

	Net Assets			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
General purposes	\$ 649,558	\$ 729,115	\$ 3,527,742	\$ 4,906,415
Restricted purposes	53,348	417,620	1,975,881	2,446,849
	<u>\$ 702,906</u>	<u>\$ 1,146,735</u>	<u>\$ 5,503,623</u>	<u>\$ 7,353,264</u>

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

14. ENDOWMENTS, continued:

Endowment net asset composition by type of fund as of September 30, 2016, is as follows:

	Net Assets			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
General purposes	\$ 475,027	\$ 571,595	\$ 3,527,742	\$ 4,574,364
Restricted purposes	(42,687)	332,831	1,975,881	2,266,025
	\$ 432,340	\$ 904,426	\$ 5,503,623	\$ 6,840,389

Changes in endowment funds for the fiscal year ended September 30, 2017, consisted of the following:

	Net Assets			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 432,340	\$ 904,426	\$ 5,503,623	\$ 6,840,389
Interest and dividends-net	-	86,540	-	86,540
Realized and unrealized gains	-	426,335	-	426,335
Amounts appropriated for expenditure	270,566	(270,566)	-	-
Change in endowment net assets	270,566	242,309	-	512,875
Endowment net assets, end of year	\$ 702,906	\$ 1,146,735	\$ 5,503,623	\$ 7,353,264

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

14. ENDOWMENTS, continued:

Changes in endowment funds for the fiscal year ended September 30, 2016, consisted of the following:

	Net Assets			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 164,357	\$ 719,750	\$ 5,428,623	\$ 6,312,730
Acquisition of Goodwill Rescue Mission (see Note 1)	-	-	75,000	75,000
Interest and dividends-net	-	88,100	-	88,100
Realized and unrealized gains	-	364,559	-	364,559
Amounts appropriated for expenditure	267,983	(267,983)	-	-
Appropriated funds drawn	-	-	-	-
Change in endowment net assets	267,983	184,676	75,000	527,659
Endowment net assets, end of year	\$ 432,340	\$ 904,426	\$ 5,503,623	\$ 6,840,389

15. SPECIAL EVENTS - NET:

Special events consisted of the following:

	September 30,	
	2017	2016
Contributions	\$ 1,043,547	\$ 1,146,044
Revenues	126,774	158,977
Related direct expenses	(140,129)	(165,252)
	\$ 1,030,192	\$ 1,139,769

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

16. GIFTS-IN-KIND:

Gifts-in-kind consisted of the following for the year ended September 30, 2017:

	Received By Christian Herald	Distributed to the Community	Used at Christian Herald Facilities
Food	\$ 3,003,235	\$ 1,854,114	\$ 1,149,121
Clothing	634,744	21,210	613,534
Supplies	25,325	720	24,605
	\$ 3,663,304	\$ 1,876,044	\$ 1,787,260

Gifts-in-kind consisted of the following for the year ended September 30, 2016:

	Received By Christian Herald	Distributed to the Community	Used at Christian Herald Facilities
Food	\$ 3,540,044	\$ 1,931,166	\$ 1,608,878
Clothing	766,195	115,985	650,210
Supplies	71,883	175	71,708
	\$ 4,378,122	\$ 2,047,326	\$ 2,330,796

17. OPERATING LEASES:

Christian Herald rents facilities from an affiliate, Heartsease Home, Inc. Payments amounted to \$12,000 for both years ended September 30, 2017 and 2016, and were eliminated in consolidation and combination.

Christian Herald also leases facilities for use as a headquarters (expires December 31, 2019) and for use with the Mont Lawn City Camp (expires September 30, 2017) program. Rent expense amounted to approximately \$442,000 and \$391,000 for the years ended September 30, 2017 and 2016, respectively. Estimated minimum rent payments for subsequent years are as follows:

<u>Year Ending September 30,</u>	
2018	\$ 390,885
2019	402,611
2020	452,388
2021	155,320
	\$ 1,401,204

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

17. OPERATING LEASES, continued:

Christian Herald leases office equipment under operating leases expiring during fiscal year 2018. Rental expense for the leases amounted to approximately \$22,000 for the years ended September 30, 2017 and 2016. Estimated minimum lease payments for the subsequent years are as follows:

<u>Year Ending September 30,</u>	
2018	\$ 17,762
2019	8,260
2020	<u>4,629</u>
	<u>\$ 30,651</u>

18. 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 \$234,000 and \$187,000 for the years ending September 30, 2017 and 2016, 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, 2017 and 2016, totaled approximately \$5,000 and \$14,000, respectively.

19. ACQUISITION:

On May 19, 2016, the governing board of GRM approved the acquisition of the entity 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 will continue to operate as a separate 501(c)(3) entity. The fair market value of the assets, liabilities and net assets of GRM as of the date of acquisition were as follows:

ASSETS:

Cash and cash equivalents	\$ 32,671
Contributions receivable	55,064
Prepaid expenses and other assets	6,857
Land, buildings and equipment - net	<u>2,661,692</u>
Total Assets	<u>\$ 2,756,284</u>

(continued)



# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Notes to Consolidated and Combined Financial Statements

September 30, 2017 and 2016

### 19. ACQUISITION, continued:

#### LIABILITIES AND NET ASSETS:

##### Liabilities:

Accounts payable and accrued expenses	\$ 246,084
Note and line of credit payable	<u>197,903</u>

Total liabilities 443,987

Net assets 2,312,297

Total Liabilities and Net Assets \$ 2,756,284

### 20. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 14, 2018, which is the date the consolidated and combined financial statements were available to be issued. Subsequent events after that date have not been evaluated.

During the year, CHHDFC made a decision that it would no longer renew the grant contract with the New York City Department of Homeless Services. As such, the grant contract for the period ending June 30, 2017, is the last funding that CHHDFC will receive from the New York City Department of Homeless Services. Subsequent to year end, CHHDFC's facilities will be utilized as a program location of CHA. Management is in the process of developing a lease agreement between CHHDFC and CHA for the use of the facilities. Additionally, CHA will grant CHHDFC funds on an as needed basis to meet any additional operating expenses not covered by the lease agreement.

Subsequent to year end, the governing boards of both CHA and New York City Rescue Mission, Inc. (NYCRM) approved the acquisition of NYCRM by CHA. As a result of the vote, NYCRM became an affiliate of CHA through the CHA board controlling the ability to appoint or remove a majority of the board seats of NYCRM, as well as CHA management assuming control of the management of NYCRM. NYCRM will continue to operate as a separate 501(c)(3) entity. Prior to any adjustment to bring certain assets and liabilities of NYCRM to fair market value, the net assets of NYCRM as of the date of the acquisition are approximately \$12,000,000.

## **SUPPLEMENTARY INFORMATION**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

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

We have audited the consolidated and combined financial statements of Christian Herald Association Inc. and Affiliates as of and for the years ended September 30, 2017 and 2016, and have issued our report thereon dated May 14, 2018, 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 Goodwill Rescue Mission, Inc., is based on the report 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  
May 14, 2018

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Consolidating and Combining Schedule of Financial Position

September 30, 2017

	CHA	Heartsease	Foundation	CHHDFC	GRM	Elimination Entry	Totals
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 1,285,684	\$ 63,636	\$ -	\$ 2,019	\$ 24,772	\$ -	\$ 1,376,111
Accounts receivable	1,104,081	12,000	-	-	-	(1,052,237)	63,844
Government grants receivable	-	-	-	448,389	-	-	448,389
Pledges receivable-net	2,810,988	-	-	-	253,680	(234,455)	2,830,213
Prepaid expenses	460,547	-	-	8,493	32,073	-	501,113
Deposits and other assets	324,527	-	-	11,040	3,572	-	339,139
Investments	16,665,921	30,426	-	-	-	-	16,696,347
Land, buildings and equipment-net	15,347,072	100,000	-	1,998,187	2,603,545	-	20,048,804
Beneficial interest in perpetual trusts	1,562,259	-	-	-	-	-	1,562,259
<b>Total Assets</b>	<b>\$ 39,561,079</b>	<b>\$ 206,062</b>	<b>\$ -</b>	<b>\$ 2,468,128</b>	<b>\$ 2,917,642</b>	<b>\$ (1,286,692)</b>	<b>\$ 43,866,219</b>

(continued)

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Consolidating and Combining Schedule of Financial Position

September 30, 2017  
(continued)

	CHA	Heartsease	Foundation	CHHDFC	GRM	Elimination Entry	Totals
<b>LIABILITIES AND NET ASSETS:</b>							
Liabilities:							
Accounts payable and accrued expenses	\$ 994,676	\$ 1,500	\$ 438,742	\$ 603,958	\$ 194,772	\$ (1,286,692)	\$ 946,956
Deferred revenue	28,282	-	-	-	-	-	28,282
Post-retirement benefits payable	658,353	-	-	482,705	-	-	1,141,058
Deferred compensation liability	110,722	-	-	-	-	-	110,722
Note and lines of credit payable	2,420,000	-	-	-	47,113	-	2,467,113
Recoverable subsidies	1,840,000	-	-	-	-	-	1,840,000
<b>Total liabilities</b>	<b>6,052,033</b>	<b>1,500</b>	<b>438,742</b>	<b>1,086,663</b>	<b>241,885</b>	<b>(1,286,692)</b>	<b>6,534,131</b>
Net Assets:							
Unrestricted:							
Unrestricted	1,821,040	104,562	(438,742)	(616,722)	(481,865)	-	388,273
Board designated	4,281,548	-	-	-	234,455	234,455	4,750,458
Net investment in land, buildings and equipment	15,347,072	100,000	-	1,998,187	2,559,948	-	20,005,207
<b>Total unrestricted</b>	<b>21,449,660</b>	<b>204,562</b>	<b>(438,742)</b>	<b>1,381,465</b>	<b>2,312,538</b>	<b>234,455</b>	<b>25,143,938</b>
Temporarily restricted	5,068,504	-	-	-	288,219	(234,455)	5,122,268
Permanently restricted	6,990,882	-	-	-	75,000	-	7,065,882
<b>Total net assets</b>	<b>33,509,046</b>	<b>204,562</b>	<b>(438,742)</b>	<b>1,381,465</b>	<b>2,675,757</b>	<b>-</b>	<b>37,332,088</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 39,561,079</b>	<b>\$ 206,062</b>	<b>\$ -</b>	<b>\$ 2,468,128</b>	<b>\$ 2,917,642</b>	<b>\$ (1,286,692)</b>	<b>\$ 43,866,219</b>

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Consolidating and Combining Schedule of Financial Position

September 30, 2016

	CHA	Heartsease	Foundation	CHHDFC	GRM	Elimination Entry	Totals
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 1,025,473	\$ 51,636	\$ -	\$ 10,427	\$ 22,494	\$ -	\$ 1,110,030
Accounts receivable	1,033,288	12,000	-	-	-	(619,554)	425,734
Government grants receivable	55,521	-	-	245,919	-	-	301,440
Pledges receivable-net	738,288	-	-	-	249,269	(235,551)	752,006
Prepaid expenses	287,608	-	-	6,459	29,806	-	323,873
Deposits and other assets	316,128	-	-	11,062	5,609	-	332,799
Investments	17,135,371	30,426	-	-	-	-	17,165,797
Land, buildings and equipment-net	15,431,819	100,000	-	2,103,836	2,730,452	-	20,366,107
Beneficial interest in perpetual trusts	1,475,835	-	-	-	-	-	1,475,835
<b>Total Assets</b>	<b>\$ 37,499,331</b>	<b>\$ 194,062</b>	<b>\$ -</b>	<b>\$ 2,377,703</b>	<b>\$ 3,037,630</b>	<b>\$ (855,105)</b>	<b>\$ 42,253,621</b>

(continued)

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Consolidating and Combining Schedule of Financial Position

September 30, 2016  
(continued)

	CHA	Heartsease	Foundation	CHHDFC	GRM	Elimination Entry	Totals
<b>LIABILITIES AND NET ASSETS:</b>							
<b>Liabilities:</b>							
Accounts payable and accrued expenses	\$ 791,274	\$ 1,500	\$ 382,131	\$ 337,881	\$ 214,378	\$ (855,105)	\$ 872,059
Deferred revenue	57,714	-	-	-	-	-	57,714
Post-retirement benefits payable	718,714	-	-	508,982	-	-	1,227,696
Deferred compensation liability	85,464	-	-	-	-	-	85,464
Note and lines of credit payable	-	-	-	-	27,705	-	27,705
Recoverable subsidies	1,840,000	-	-	-	-	-	1,840,000
<b>Total liabilities</b>	<b>3,493,166</b>	<b>1,500</b>	<b>382,131</b>	<b>846,863</b>	<b>242,083</b>	<b>(855,105)</b>	<b>4,110,638</b>
<b>Net Assets:</b>							
<b>Unrestricted:</b>							
Unrestricted	1,252,830	92,562	(382,131)	(572,996)	(190,598)	-	199,667
Board designated	8,512,620	-	-	-	-	235,551	8,748,171
Net investment in land, buildings and equipment	15,431,819	100,000	-	2,103,836	2,656,643	-	20,292,298
<b>Total unrestricted</b>	<b>25,197,269</b>	<b>192,562</b>	<b>(382,131)</b>	<b>1,530,840</b>	<b>2,466,045</b>	<b>235,551</b>	<b>29,240,136</b>
Temporarily restricted	1,904,438	-	-	-	254,502	(235,551)	1,923,389
Permanently restricted	6,904,458	-	-	-	75,000	-	6,979,458
<b>Total net assets</b>	<b>34,006,165</b>	<b>192,562</b>	<b>(382,131)</b>	<b>1,530,840</b>	<b>2,795,547</b>	<b>-</b>	<b>38,142,983</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 37,499,331</b>	<b>\$ 194,062</b>	<b>\$ -</b>	<b>\$ 2,377,703</b>	<b>\$ 3,037,630</b>	<b>\$ (855,105)</b>	<b>\$ 42,253,621</b>

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Consolidating and Combining Schedule of Change in Net Assets

Year Ended September 30, 2017

	CHA	Heartsease	Foundation	CHHDFC	GRM	Elimination Entry	Totals
SUPPORT AND REVENUE:							
Support:							
Contributions	\$ 10,048,861	\$ -	\$ -	\$ -	\$ 1,851,521	\$ -	\$ 11,900,382
Grants from affiliate	-	-	-	85,500	-	(85,500)	-
Government grants for Bowery Mission Transitional Center	-	-	-	1,685,408	-	-	1,685,408
Government grants for children's programs	51,129	-	-	-	-	-	51,129
Special events-net	1,030,192	-	-	-	-	-	1,030,192
Gifts-in-kind	3,337,067	-	-	-	326,237	-	3,663,304
Volunteer services	114,695	-	-	-	-	-	114,695
<b>Total support</b>	<b>14,581,944</b>	<b>-</b>	<b>-</b>	<b>1,770,908</b>	<b>2,177,758</b>	<b>(85,500)</b>	<b>18,445,110</b>
Revenue:							
Dividends and interest (net of fees)	278,443	-	-	-	-	-	278,443
Distributions from perpetual trusts	61,216	-	-	-	-	-	61,216
Retreat center, camp fees and after school program	372,839	-	-	-	-	-	372,839
Other income	40,307	12,000	-	-	29,669	(12,000)	69,976
<b>Total revenue</b>	<b>752,805</b>	<b>12,000</b>	<b>-</b>	<b>-</b>	<b>29,669</b>	<b>(12,000)</b>	<b>782,474</b>
<b>Total Support and Revenue</b>	<b>15,334,749</b>	<b>12,000</b>	<b>-</b>	<b>1,770,908</b>	<b>2,207,427</b>	<b>(97,500)</b>	<b>19,227,584</b>

(continued)

See independent auditors' report on supplementary information



# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Consolidating and Combining Schedule of Change in Net Assets

Year Ended September 30, 2017

(continued)

	CHA	Heartsease	Foundation	CHHDFC	GRM	Elimination Entry	Totals
EXPENSES:							
Program services:							
The Bowery Mission and Women's Center	9,839,857	-	-	-	-	(97,500)	9,742,357
Mont Lawn Summer and City Camps and Retreat Center	2,300,409	-	-	-	-	-	2,300,409
Bowery Mission Transitional Center	-	-	-	1,840,748	-	-	1,840,748
Goodwill Rescue Mission	-	-	-	-	1,206,049	-	1,206,049
Total program services	12,140,266	-	-	1,840,748	1,206,049	(97,500)	15,089,563
Supporting services:							
Management and general	1,423,092	-	56,611	105,812	461,493	-	2,047,008
Development and communications	3,271,572	-	-	-	659,675	-	3,931,247
Total supporting services	4,694,664	-	56,611	105,812	1,121,168	-	5,978,255
Total Expenses	16,834,930	-	56,611	1,946,560	2,327,217	(97,500)	21,067,818
Change in Net Assets Before Other Changes	(1,500,181)	12,000	(56,611)	(175,652)	(119,790)	-	(1,840,234)

(continued)

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Consolidating and Combining Schedule of Change in Net Assets

Year Ended September 30, 2017  
(continued)

	CHA	Heartsease	Foundation	CHHDFC	GRM	Elimination Entry	Totals
Other Changes in Net Assets:							
Realized and unrealized gains on investments	856,277	-	-	-	-	-	856,277
Change in liability for post-retirement benefits	60,361	-	-	26,277	-	-	86,638
Change in value of perpetual trusts	86,424	-	-	-	-	-	86,424
Total Other Changes in Net Assets	<u>1,003,062</u>	<u>-</u>	<u>-</u>	<u>26,277</u>	<u>-</u>	<u>-</u>	<u>1,029,339</u>
Change in Net Assets	(497,119)	12,000	(56,611)	(149,375)	(119,790)	-	(810,895)
Net Assets, Beginning of Year	<u>34,006,165</u>	<u>192,562</u>	<u>(382,131)</u>	<u>1,530,840</u>	<u>2,795,547</u>	<u>-</u>	<u>38,142,983</u>
Net Assets, End of Year	<u>\$ 33,509,046</u>	<u>\$ 204,562</u>	<u>\$ (438,742)</u>	<u>\$ 1,381,465</u>	<u>\$ 2,675,757</u>	<u>\$ -</u>	<u>\$ 37,332,088</u>

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Consolidating and Combining Schedule of Change in Net Assets

Year Ended September 30, 2016

	CHA	Heartsease	Foundation	CHHDFC	GRM	Elimination Entry	Totals
<b>SUPPORT AND REVENUE:</b>							
<b>Support:</b>							
Contributions	\$ 7,757,664	\$ -	\$ 8,550	\$ -	\$ 292,565	\$ -	\$ 8,058,779
Grants from affiliate	-	-	-	86,000	800,000	(886,000)	-
Government grants for Bowery Mission Transitional Center	-	-	-	1,742,818	-	-	1,742,818
Government grants for children's programs	55,521	-	-	-	-	-	55,521
Special events-net	1,139,769	-	-	-	-	-	1,139,769
Gifts-in-kind	4,195,589	-	-	-	182,533	-	4,378,122
Volunteer services	77,484	-	-	-	15,000	-	92,484
<b>Total support</b>	<b>13,226,027</b>	<b>-</b>	<b>8,550</b>	<b>1,828,818</b>	<b>1,290,098</b>	<b>(886,000)</b>	<b>15,467,493</b>
<b>Revenue:</b>							
Dividends and interest (net of fees)	165,436	91	-	25	-	-	165,552
Distributions from perpetual trusts	72,531	-	-	-	-	-	72,531
Retreat center, camp fees and after school program	533,366	-	-	-	-	-	533,366
Other income	16,069	12,000	-	858	19,964	(12,000)	36,891
<b>Total revenue</b>	<b>787,402</b>	<b>12,091</b>	<b>-</b>	<b>883</b>	<b>19,964</b>	<b>(12,000)</b>	<b>808,340</b>
<b>Total Support and Revenue</b>	<b>14,013,429</b>	<b>12,091</b>	<b>8,550</b>	<b>1,829,701</b>	<b>1,310,062</b>	<b>(898,000)</b>	<b>16,275,833</b>

(continued)

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Consolidating and Combining Schedule of Change in Net Assets

Year Ended September 30, 2016  
(continued)

	CHA	Heartsease	Foundation	CHHDFC	GRM	Elimination Entry	Totals
EXPENSES:							
Program services:							
The Bowery Mission and Women's Center	10,313,127	-	-	-	-	(898,000)	9,415,127
Mont Lawn Summer and City Camps and Retreat Center	2,215,173	-	-	-	-	-	2,215,173
Bowery Mission Transitional Center	-	-	-	1,840,280	-	-	1,840,280
Goodwill Rescue Mission	-	-	-	-	477,041	-	477,041
Total program services	<u>12,528,300</u>	<u>-</u>	<u>-</u>	<u>1,840,280</u>	<u>477,041</u>	<u>(898,000)</u>	<u>13,947,621</u>
Supporting services:							
Management and general	1,316,336	60	273,650	107,236	110,592	-	1,807,874
Development and communications	2,600,023	-	-	-	239,179	-	2,839,202
Total supporting services	<u>3,916,359</u>	<u>60</u>	<u>273,650</u>	<u>107,236</u>	<u>349,771</u>	<u>-</u>	<u>4,647,076</u>
Total Expenses	<u>16,444,659</u>	<u>60</u>	<u>273,650</u>	<u>1,947,516</u>	<u>826,812</u>	<u>(898,000)</u>	<u>18,594,697</u>
Change in Net Assets Before Other Changes	<u>(2,431,230)</u>	<u>12,031</u>	<u>(265,100)</u>	<u>(117,815)</u>	<u>483,250</u>	<u>-</u>	<u>(2,318,864)</u>

(continued)

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# CHRISTIAN HERALD ASSOCIATION, INC. AND AFFILIATES

## Consolidating and Combining Schedule of Change in Net Assets

Year Ended September 30, 2016  
(continued)

	CHA	Heartsease	Foundation	CHHDFC	GRM	Elimination Entry	Totals
Other Changes in Net Assets:							
Realized and unrealized losses on investments	655,728	-	-	-	-	-	655,728
Change in liability for post-retirement benefits	(176,613)	-	-	(99,310)	-	-	(275,923)
Change in value of perpetual trusts	40,781	-	-	-	-	-	40,781
Acquisition of Goodwill Rescue Mission, Inc.	-	-	-	-	2,312,297	-	2,312,297
Total Other Changes in Net Assets	519,896	-	-	(99,310)	2,312,297	-	2,732,883
Change in Net Assets	(1,911,334)	12,031	(265,100)	(217,125)	2,795,547	-	414,019
Net Assets, Beginning of Year	35,917,499	180,531	(117,031)	1,747,965	-	-	37,728,964
Net Assets, End of Year	<u>\$ 34,006,165</u>	<u>\$ 192,562</u>	<u>\$ (382,131)</u>	<u>\$ 1,530,840</u>	<u>\$ 2,795,547</u>	<u>\$ -</u>	<u>\$ 38,142,983</u>

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