



CHRISTIAN HERALD ASSOCIATION, INC.
AND SUBSIDIARIES

Consolidated and Combined Financial
Statements With Independent Auditors' Report

September 30, 2024 and 2023

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

Opinion

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, 2024 and 2023, 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.

In our opinion, 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated and combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Christian Herald Association Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated and combined financial statements are available to be issued.

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

Auditors' Responsibilities for the Audit of the Consolidated and Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated and combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated and combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated and combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Christian Herald Association Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated and combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Christian Herald Association Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

Capin Crouse LLC

New York, New York
March 7, 2025

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Consolidated and Combined Statements of Financial Position

	September 30,	
	2024	2023
ASSETS:		
Cash and cash equivalents	\$ 2,527,221	\$ 1,198,524
Accounts receivable	235	55,885
Pledges receivable-net	1,228,441	2,721,600
Prepaid expenses	359,164	567,857
Deposits and other assets	505,320	554,424
Assets held for sale	3,595,254	3,607,034
Operating lease-right-of-use assets	203,481	501,310
Financing lease-right-of-use assets	22,357	37,897
Investments	11,850,730	11,101,363
Restricted cash	256,347	257,403
Land, buildings and equipment-net	42,692,913	42,873,847
Beneficial interest in perpetual trusts	1,925,925	1,626,713
	\$ 65,167,388	\$ 65,103,857
Total Assets	\$ 65,167,388	\$ 65,103,857
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,459,175	\$ 1,474,571
Operating lease liabilities	229,867	558,693
Financing lease liabilities	23,228	42,446
Post-retirement benefits payable	424,111	392,950
Notes payable - recoverable subsidies	4,540,000	4,540,000
	6,676,381	7,008,660
Total liabilities	6,676,381	7,008,660
Net assets:		
Without donor restrictions	48,182,183	47,791,839
With donor restrictions	10,308,824	10,303,358
	58,491,007	58,095,197
Total net assets	58,491,007	58,095,197
Total Liabilities and Net Assets	\$ 65,167,388	\$ 65,103,857

See notes to consolidated and combined financial statements

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Consolidated and Combined Statements of Activities

	Year Ended September 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS:						
Support:						
Contributions	\$ 11,748,709	\$ 3,757,566	\$ 15,506,275	\$ 12,690,291	\$ 4,164,995	\$ 16,855,286
Special events-net (Note 11)	2,404,184	-	2,404,184	2,256,493	-	2,256,493
Gifts-in-kind	5,661,416	-	5,661,416	5,142,663	-	5,142,663
Volunteer services	2,083	-	2,083	6,440	-	6,440
Total support	19,816,392	3,757,566	23,573,958	20,095,887	4,164,995	24,260,882
Revenue:						
Dividends and interest (net of fees)	180,918	169,075	349,993	157,931	205,988	363,919
Retreat center, camp fees, and after school program	113,642	-	113,642	359,266	-	359,266
Other income	836,619	-	836,619	777,686	-	777,686
Total revenue	1,131,179	169,075	1,300,254	1,294,883	205,988	1,500,871
Reclassifications:						
Satisfaction of purpose restrictions	592,058	(592,058)	-	912,546	(912,546)	-
Satisfaction of time restrictions	4,644,889	(4,644,889)	-	3,850,544	(3,850,544)	-
Total reclassifications	5,236,947	(5,236,947)	-	4,763,090	(4,763,090)	-
Total Support, Revenue and Reclassifications	26,184,518	(1,310,306)	24,874,212	26,153,860	(392,107)	25,761,753

(continued)

See notes to consolidated and combined financial statements

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Consolidated and Combined Statements of Activities

	Year Ended September 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services:						
The Bowery Mission Adult Programs	15,775,413	-	15,775,413	16,790,959	-	16,790,959
Mont Lawn Summer and City Camps and Retreat Center	2,958,361	-	2,958,361	1,672,655	-	1,672,655
New York City Rescue Mission	-	-	-	409,500	-	409,500
Goodwill Rescue Mission	197,049	-	197,049	10,662	-	10,662
Total program services	<u>18,930,823</u>	<u>-</u>	<u>18,930,823</u>	<u>18,883,776</u>	<u>-</u>	<u>18,883,776</u>
Supporting services:						
Management and general	1,249,324	-	1,249,324	1,603,584	-	1,603,584
Fundraising	5,732,798	-	5,732,798	5,851,753	-	5,851,753
Total supporting activities	<u>6,982,122</u>	<u>-</u>	<u>6,982,122</u>	<u>7,455,337</u>	<u>-</u>	<u>7,455,337</u>
Total Expenses	<u>25,912,945</u>	<u>-</u>	<u>25,912,945</u>	<u>26,339,113</u>	<u>-</u>	<u>26,339,113</u>
Change in Net Assets Before Other Changes	<u>271,573</u>	<u>(1,310,306)</u>	<u>(1,038,733)</u>	<u>(185,253)</u>	<u>(392,107)</u>	<u>(577,360)</u>

(continued)

See notes to consolidated and combined financial statements

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Consolidated and Combined Statements of Activities

	Year Ended September 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Other Changes in Net Assets:						
Realized and unrealized gain on investments	165,137	1,016,560	1,181,697	1,537	475,486	477,023
Change in liability for post-retirement benefits	(46,366)	-	(46,366)	232,834	-	232,834
Change in value of perpetual trusts	-	299,212	299,212	-	120,466	120,466
Total Other Changes in Net Assets	<u>118,771</u>	<u>1,315,772</u>	<u>1,434,543</u>	<u>234,371</u>	<u>595,952</u>	<u>830,323</u>
Change in Net Assets	390,344	5,466	395,810	49,118	203,845	252,963
Net Assets, Beginning of Year	<u>47,791,839</u>	<u>10,303,358</u>	<u>58,095,197</u>	<u>47,742,721</u>	<u>10,099,513</u>	<u>57,842,234</u>
Net Assets, End of Year	<u>\$ 48,182,183</u>	<u>\$ 10,308,824</u>	<u>\$ 58,491,007</u>	<u>\$ 47,791,839</u>	<u>\$ 10,303,358</u>	<u>\$ 58,095,197</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,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 395,810	\$ 252,963
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,126,571	1,245,771
Loss on disposal of assets	70,298	43,989
Non-cash effect of operating lease transactions	(30,997)	-
Amortization of financing lease right-of-use assets	43,047	38,623
Contributions restricted for investment in land, buildings, and equipment	(91,000)	(236,092)
Realized and unrealized (gain) loss on investments	(1,181,697)	(477,023)
Change in value of beneficial interest in perpetual trusts	(299,213)	(120,466)
Bad debt expense	-	68,037
Change in liability for post-retirement benefits	31,161	(244,898)
Changes in:		
Accounts receivable	55,650	(16,998)
Pledges receivable	1,493,159	(40,152)
Prepaid expenses	208,693	(155,388)
Deposits and other assets	49,104	(18,132)
Accounts payable and accrued expenses	36,164	(591,725)
Net Cash Provided (Used) by Operating Activities	1,906,750	(251,491)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(4,395,523)	(4,188,728)
Proceeds from sale of investments	4,827,854	4,818,977
Cash paid for acquisition of land, buildings and equipment	(1,055,715)	(1,342,840)
Net Cash Used by Investing Activities	(623,384)	(712,591)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for investment in land, buildings, and equipment	91,000	236,092
Principal payments on finance lease liabilities	(46,725)	-
Principal payments on notes and lines of credit payable	-	(82,017)
Net Cash Provided by Financing Activities	44,275	154,075
Change in Cash, Cash Equivalents and Restricted Cash	1,327,641	(810,007)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	1,455,927	2,265,934
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 2,783,568	\$ 1,455,927

(continued)

See notes to consolidated and combined financial statements

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Consolidated and Combined Statement of Cash Flows

(continued)

	Year Ended September 30,	
	2024	2023
Reconciliation of Cash, Cash Equivalents and Restricted Cash to the Consolidated and Combined Statements of Financial Position:		
Cash and cash equivalents	\$ 2,527,221	\$ 1,198,524
Restricted cash	256,347	257,403
	\$ 2,783,568	\$ 1,455,927
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 1,880	\$ 917
Non-cash investing and financing transactions:		
Additions to land, buildings and equipment	\$ 1,004,155	\$ 1,302,638
Add: asset additions in accounts payable at prior year end paid for in current year	74,230	114,432
Less: asset additions in accounts payable at year end	(22,670)	(74,230)
Cash paid for land, buildings and equipment	\$ 1,055,715	\$ 1,342,840
Right-of-use assets obtained in exchange for operating lease obligations	\$ -	\$ 903,058
Right-of-use assets obtained in exchange for financing lease obligations	\$ 27,500	\$ 76,520

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, 2024

	Program Services				Supporting Services				Cost of Direct Benefit to Donors	Total
	The Bowery Mission Adult Programs	Mont Lawn Summer and City Camps and Retreat Center	Goodwill Rescue Mission	Total Program Services	Management and General	Fundraising	Total Supporting Services			
Salaries and benefits	\$ 6,559,306	\$ 1,800,369	\$ 68,529	\$ 8,428,204	\$ 551,544	\$ 2,857,785	\$ 3,409,329	\$ -	\$ 11,837,533	
Gifts-in-kind distributed	1,708,150	-	-	1,708,150	-	-	-	-	1,708,150	
Food - purchased	68,541	42,543	-	111,084	-	-	-	-	111,084	
Food - gifts-in-kind	3,282,698	-	-	3,282,698	-	-	-	-	3,282,698	
Occupancy	702,326	244,073	12	946,411	78,129	179,696	257,825	-	1,204,236	
Advertising and promotion	26	26	150	202	36	472,628	472,664	-	472,866	
Professional fees, consulting and outside services	1,183,553	208,706	113,242	1,505,501	253,643	1,228,370	1,482,013	-	2,987,514	
Volunteer services	5,650	585	-	6,235	-	-	-	-	6,235	
Program and general supplies	733,344	109,490	-	842,834	2,768	3,219	5,987	-	848,821	
Printing and postage	794	5,403	302	6,499	504	30,542	31,046	-	37,545	
Insurance	104,246	99,950	5,404	209,600	139,930	59,970	199,900	-	409,500	
Interest	470	470	-	940	658	282	940	-	1,880	
Travel and transportation	60,270	55,430	-	115,700	9,111	16,914	26,025	-	141,725	
Telephone and communications	30,560	37,488	-	68,048	40,864	23,159	64,023	-	132,071	
Equipment and maintenance	482,363	208,887	5,994	697,244	43,954	324,012	367,966	-	1,065,210	
Staff training and development	44,190	38,460	-	82,650	18,453	11,127	29,580	-	112,230	
Dues, subscriptions, and books	16,332	20,787	-	37,119	8,850	33,989	42,839	-	79,958	
Bank and credit card fees	-	-	3,416	3,416	-	194,686	194,686	-	198,102	
Other expenses	6,549	10,833	-	17,382	7,303	81,193	88,496	176,502	282,380	
Depreciation and amortization	786,045	74,861	-	860,906	93,577	215,226	308,803	-	1,169,709	
Total expenses	15,775,413	2,958,361	197,049	18,930,823	1,249,324	5,732,798	6,982,122	176,502	26,089,447	
Less: cost of direct benefit to donors	-	-	-	-	-	-	-	(176,502)	(176,502)	
Total Expenses on Consolidated and Combined Statements of Activities	\$ 15,775,413	\$ 2,958,361	\$ 197,049	\$ 18,930,823	\$ 1,249,324	\$ 5,732,798	\$ 6,982,122	\$ -	\$ 25,912,945	

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, 2023

	Program Services					Supporting Services				
	The Bowery Mission Adult Programs	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
Salaries and benefits	\$ 7,681,723	\$ 1,058,054	\$ 74,849	\$ 1,051	\$ 8,815,677	\$ 698,496	\$ 2,985,243	\$ 3,683,739	\$ -	\$ 12,499,416
Gifts-in-kind distributed	1,719,344	-	-	-	1,719,344	-	-	-	-	1,719,344
Food	2,707,644	91,237	-	-	2,798,881	-	-	-	-	2,798,881
Occupancy	987,429	317,254	3,411	6,520	1,314,614	28,017	66,282	94,299	-	1,408,913
Advertising and promotion	20	-	-	-	20	-	437,762	437,762	-	437,782
Professional fees, consulting and outside services	978,512	16,727	13,684	2,624	1,011,547	579,993	1,529,262	2,109,255	-	3,120,802
Volunteer services	17,929	203	-	-	18,132	-	-	-	-	18,132
Program and general supplies	1,015,549	58,979	23	-	1,074,551	18,504	8,077	26,581	-	1,101,132
Printing and postage	2,212	403	32	-	2,647	689	50,871	51,560	-	54,207
Insurance	253,341	-	219	-	253,560	118,326	55,544	173,870	-	427,430
Interest	-	-	-	-	-	917	-	917	-	917
Travel and transportation	79,103	49,971	350	-	129,424	7,870	23,263	31,133	-	160,557
Telephone and communications	47,150	13,888	3,621	467	65,126	5,641	16,377	22,018	-	87,144
Equipment and maintenance	379,193	14,140	14,771	-	408,104	35,333	141,926	177,259	-	585,363
Staff training and development	50,766	29,812	1,143	-	81,721	3,467	10,493	13,960	-	95,681
Dues, subscriptions, and books	20,089	14,782	296	-	35,167	5,963	24,464	30,427	-	65,594
Bank and credit card fees	-	2,193	-	-	2,193	9,382	207,367	216,749	-	218,942
Bad debt expense	-	-	-	-	-	-	68,037	68,037	-	68,037
Other expenses	34,429	5,012	1,412	-	40,853	5,391	178,824	184,215	202,619	427,687
Depreciation	816,526	-	295,689	-	1,112,215	85,595	47,961	133,556	-	1,245,771
Total expenses	16,790,959	1,672,655	409,500	10,662	18,883,776	1,603,584	5,851,753	7,455,337	202,619	26,541,732
Less: cost of direct benefit to donors	-	-	-	-	-	-	-	-	(202,619)	(202,619)
Total Expenses on Consolidated and Combined Statements of Activities	\$ 16,790,959	\$ 1,672,655	\$ 409,500	\$ 10,662	\$ 18,883,776	\$ 1,603,584	\$ 5,851,753	\$ 7,455,337	\$ -	\$ 26,339,113

See notes to consolidated and combined financial statements

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

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, 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 primarily derived from the general public in the form of charitable donations, with a much smaller portion coming from the retreat center, camp and after-school program fees.

The mission and primary programs of Christian Herald Association, Inc. (CHA) are to meet essential needs and to create transformative community with men, women, children and families in New York so that together we overcome homelessness and poverty, and flourish through the power and love of Jesus Christ.

Since the 1870s, The Bowery Mission has been a steadfast presence in New York City, providing refuge and support to neighbors facing hunger, homelessness, and other hardships, as well as residential programs helping adults rebuild their lives after homelessness, and children's programs empowering kids from underserved New York neighborhoods to explore their talents, build lifelong friendships, and grow in character and faith. 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.

The Bowery Mission Foundation, Inc. (Foundation) exists to support CHA. It was formed in 2014 to serve new and existing supporters of The Bowery Mission. By offering a new dimension of giving opportunities, the Foundation expands existing fundraising capabilities to strengthen long-term sustainability.

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, intending for current and future activities at this location to be funded by charitable donations.

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

1. NATURE OF ORGANIZATION, continued:

New York City Rescue Mission, Inc. (NYCRM) has served New Yorkers experiencing homelessness and hunger since 1872 through programs similar to The Bowery Mission. 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 and CHA management assumed control of the management of NYCRM.

In March 2022, the boards of directors of both NYCRM and CHA passed resolutions to approve the closing down of NYCRM as a separate legal entity, and to combine the assets, liabilities, net assets and activities of NYCRM with the CHA legal entity. This decision was made primarily for operational efficiency purposes. The activities of NYCRM will continue on as part of the program services of CHA, with the NYCRM name continuing to be utilized as a "d/b/a". NYCRM and CHA submitted the necessary paperwork to the State of New York for approval, and that approval was granted during the year ended September 30, 2024, with an effective date of October 1, 2023. The transfer of NYCRM's net assets to CHA are reported as a component of equity transfer on the consolidating and combining schedule of change in net assets for the year ended September 30, 2024.

Goodwill Rescue Mission, Inc. (GRM), located in Newark, New Jersey, has provided daily meal service and other forms of basic needs care to those experiencing homelessness and hunger since 1896. 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 and CHA management assumed control of the management of GRM. GRM continues to operate as a separate 501(c)(3) entity. In addition, GRM controls Waterbrook, Inc. Waterbrook, Inc. is an inactive subsidiary with no balances or activity.

In March 2020, the decision was made to temporarily suspend on-site operations at GRM in order to develop a more financially sustainable long term strategy for the NJ-based operations at GRM. This temporary suspension was still in place as of September 30, 2024. In the interim, GRM has connected guests with the life-transforming services of The Bowery Mission. As part of this strategy, GRM has entered into agreements for the redevelopment of its property, which includes the eventual sale of the property with a portion of the sales price being the deed to a unit in the redeveloped property that will function as GRM's new facility (see assets held for sale, Note 2).

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.

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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 (through September 30, 2023) and GRM are consolidated due to CHA's control and economic interest in those entities. CHHDFC's accounts are combined as CHA and CHHDFC have 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, NYCRM (through September 30, 2023) and GRM as of and for the years ended September 30, 2024 and 2023, and for CHHDFC as of and for the years ended June 30, 2024 and 2023.

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, CASH EQUIVALENTS, RESTRICTED CASH, AND CREDIT RISK

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. Restricted cash includes cash held for building improvements and equipment purchases. Christian Herald's consolidated and combined cash balances exceeded federally insured limits by approximately \$1,910,000 and \$418,000 as of September 30, 2024 and 2023, respectively.

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 credit losses 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 8.00% and 6.25% for the years ended September 30, 2024 and 2023, respectively. 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.

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments consist of money market funds, mutual and exchange-traded funds and common stocks 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 primarily in 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 quoted market prices in active markets.

Common stocks, 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 Christian Herald's share of the trust assets which are held as investments.

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.

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DISCLOSURES ABOUT FAIR VALUE OF ASSETS, continued

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

	September 30, 2024			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 1,579,486	\$ 1,579,486	\$ -	\$ -
Mutual and exchange-traded funds	9,761,900	9,761,900	-	-
Common stocks	125,614	125,614	-	-
	11,467,000	11,467,000	-	-
Beneficial interest in perpetual trusts	1,925,925	-	-	1,925,925
	13,392,925	\$ 11,467,000	\$ -	\$ 1,925,925
Non-leveled investments:				
Investments reported at NAV:				
Hedge funds	383,730			
	\$ 13,776,655			

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, 2024:

<u>Fund:</u>	<u>NAV in fund</u>	<u>Remaining life</u>	<u>Redemption terms / restrictions</u>
Hawk Ridge Partners Offshore	\$ 383,730	Perpetual	Quarterly liquidity with 60 days notice required.

Christian Herald had no unfunded commitments to this fund as of September 30, 2024.

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DISCLOSURES ABOUT FAIR VALUE OF ASSETS, continued

	September 30, 2023			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 2,774,621	\$ 2,774,621	\$ -	\$ -
Mutual and exchange-traded funds	7,847,714	7,847,714	-	-
Common stocks	115,413	115,413	-	-
	10,737,748	10,737,748	-	-
Beneficial interest in perpetual trusts	1,626,713	-	-	1,626,713
	12,364,461	\$ 10,737,748	\$ -	\$ 1,626,713
Non-leveled investments:				
Investments reported at NAV:				
Hedge funds	363,615			
	\$ 12,728,076			

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, 2023:

<u>Fund:</u>	<u>NAV in fund</u>	<u>Remaining life</u>	<u>Redemption terms / restrictions</u>
Hawk Ridge Partners Offshore	\$ <u>363,615</u>	Perpetual	Quarterly liquidity with 60 days notice required.

Christian Herald had no unfunded commitments to this fund as of September 30, 2023.

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DISCLOSURES ABOUT FAIR VALUE OF ASSETS, continued

The following reconciles assets reported in the consolidated and combined statements of financial position to the amounts shown in the fair value tables above:

	September 30,	
	2024	2023
Investments	\$ 11,850,730	\$ 11,101,363
Beneficial interest in perpetual trusts	1,925,925	1,626,713
	<u>\$ 13,776,655</u>	<u>\$ 12,728,076</u>

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ASSETS HELD FOR SALE

Assets are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as being met only when the sale is highly probable and the assets are available for immediate sale in their present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Assets designated as held for sale are recorded at the lower of carrying amount at the time the classification as held for sale was made or fair value less costs to sell. Depreciation is not charged against land, buildings and equipment classified as held for sale.

In March 2022, GRM entered in to a transaction with the planned result of the redevelopment of its property and facility in Newark, New Jersey. GRM has entered in to a ground lease with a developer (tenant) that includes an option for the developer to purchase the property. The ground lease is for 30 years unless terminated sooner based upon the provisions of the lease and related purchase option agreement, with total annual rent payments due from the tenant to GRM of \$180,000, increasing by 2.5% annually. During the term of the ground lease, the tenant is responsible for all property expenses and maintenance, and is responsible for securing all necessary plans, permits and approvals to demolish the existing building on the property and replace with a new building. The purchase option agreement is in effect for 5 years (option term) from the effective date of the ground lease and purchase option agreement dated March 2022. The tenant can exercise the purchase option for \$3,000,000 and the conveyance by unit deed a condominium unit of at least 10,000 square feet located within the new building, which is a planned 7 story mixed use development. The space obtained by GRM upon the tenant exercising the purchase option would be utilized for programmatic activity. GRM's onsite rescue mission operations will remain suspended while redevelopment takes place. Should the tenant decline to exercise the purchase option by the end of the 5 year option term, the purchase option agreement and the ground lease will terminate. Upon execution of the agreement, the tenant paid GRM \$350,000 in non-refundable deposits. If the purchase option is exercised, \$250,000 of the non-refundable deposits will be applied to the purchase price. Rent associated with the ground lease for the years ended September 30, 2024 and 2023, was approximately \$187,000 and \$182,000, respectively, and recorded as a component of other income on the consolidated and combined statements of activities. At September 30, 2024 and 2023, GRM's property and facility is classified as asset held for sale on the consolidated and combined statements of financial position and is reported at the lower of the carrying amount (net book value) and fair value less costs to sell. The carrying amount at September 30, 2024 and 2023, was \$2,170,711 and \$2,182,490, respectively. The transfer to assets held for sale was effective May 31, 2022, at which point no further depreciation of the assets has been charged.

Assets held for sale also consist of the building formerly used in operations by CHHDFC and is reported on the consolidated and combined statements of financial position at the lower of the carrying amount (net book value) and fair value less costs to sell. The building is currently on the market and has a carrying amount of \$1,424,543 at September 30, 2024 and 2023. The transfer to assets held for sale was effective September 30, 2022, at which point no further depreciation of the assets has been charged.

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

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, 2024 and 2023.

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.

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.

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NOTES PAYABLE - RECOVERABLE SUBSIDIES

CHA has received three Federal Home Loan Bank of New York (FHLB) recoverable subsidies of \$1,200,000, \$640,000 and \$2,700,000 under the Affordable Housing Program (AHP) relating to facility expansion and renovation projects at West 130th Street, New York City, the Bowery Mission at 227 Bowery, New York City, and the NYCRM facility. The 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 programmatic and reporting conditions. Additionally, should CHA sell the related facilities prior to the expiration of the retention period, it would be required to repay the related subsidy in full to FHLB.

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 will recognize the subsidies as revenue in the consolidated and combined statements of activities. The retention periods for the subsidies expire in approximately 2028 through 2031.

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, 2024 and 2023

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. Retreat center, camp and afterschool fees and other revenue is recognized in the period earned which is over time as the related services are provided. 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. Special events contributions are recognized in the same manner as support and contributions. Special events revenue is recognized in the period earned, which is at a point in time when the related event occurs.

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 (Note 12).

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 \$2,100 and \$6,000 for the years ended September 30, 2024 and 2023, respectively, that meet current accounting standards.

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

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 \$473,000 and \$438,000 for the years ended September 30, 2024 and 2023, respectively. Christian Herald incurred no joint costs for the years ended September 30, 2024 and 2023.

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.

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Christian Herald's financial assets, 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.

	September 30,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 2,527,221	\$ 1,198,524
Accounts receivable	235	55,885
Pledges receivable-net	1,228,441	2,721,600
Investments	11,850,730	11,101,363
Restricted cash	256,347	257,403
Beneficial interest in perpetual trusts	1,925,925	1,626,713
Financial assets, at year end	17,788,899	16,961,488
Less those unavailable for general expenditure within one year, due to:		
Pledges receivable expected to be collected beyond one year	(452,000)	(696,388)
Restricted cash	(256,347)	(257,403)
Perpetual endowments and accumulated earnings	(6,586,818)	(5,674,267)
Beneficial interest in perpetual trusts	(1,925,925)	(1,626,713)
	(9,221,090)	(8,254,771)
Financial assets available to meet cash needs for general expenditures within one year	\$ 8,567,809	\$ 8,706,717

Christian Herald is substantially supported by contributions without and with donor restrictions. Those contributions with donor restrictions 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 a revolving line of credit totaling \$5,000,000 (Note 7), which is collateralized by certain investment accounts (Note 5), with borrowing capacity available of approximately \$5,000,000 as of September 30, 2024 and 2023, that can be drawn on in the event of an unanticipated liquidity need.

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

4. PLEDGES RECEIVABLE-NET:

Pledges receivable-net consist of the following:

	September 30,	
	2024	2023
Due within one year	\$ 875,100	\$ 2,212,067
Due in one to three years	452,000	696,388
	<u>1,327,100</u>	<u>2,908,455</u>
Less allowance for uncollectible pledges	(48,499)	(182,736)
Less unamortized discount	(50,160)	(4,119)
	<u>\$ 1,228,441</u>	<u>\$ 2,721,600</u>

5. INVESTMENTS:

Investments consist of the following:

	September 30,	
	2024	2023
Money market funds	\$ 1,579,486	\$ 2,774,621
Mutual and exchange-traded funds	9,761,900	7,847,714
Common stocks	125,614	115,413
Hedge funds	383,730	363,615
	<u>\$ 11,850,730</u>	<u>\$ 11,101,363</u>

Endowment assets at September 30, 2024 and 2023, comprise of approximately \$6,587,000 and \$5,674,000 of investment balances, respectively.

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

5. INVESTMENTS, continued:

Investment income for the year ended September 30, 2024, is comprised of:

	Without Donor Restrictions	With Donor Restrictions	Totals
Dividends and interest	\$ 215,728	\$ 226,193	\$ 441,921
Realized and unrealized gains	165,137	1,016,560	1,181,697
Investment advisory fees	(34,810)	(57,118)	(91,928)
	<u>\$ 346,055</u>	<u>\$ 1,185,635</u>	<u>\$ 1,531,690</u>

Investment income for the year ended September 30, 2023, is comprised of:

	Without Donor Restrictions	With Donor Restrictions	Totals
Dividends and interest	\$ 197,032	\$ 261,404	\$ 458,436
Realized and unrealized gains	1,537	475,486	477,023
Investment advisory fees	(39,101)	(55,416)	(94,517)
	<u>\$ 159,468</u>	<u>\$ 681,474</u>	<u>\$ 840,942</u>

ASSETS PLEDGED AS COLLATERAL

Christian Herald has a line of credit with a bank of up to \$5,000,000 (See Note 7). 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, 2024 and 2023, Christian Herald had no outstanding borrowings on the line of credit and as such, was 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, 2024 and 2023

6. LAND, BUILDINGS AND EQUIPMENT-NET:

Land, buildings and equipment-net is summarized as follows:

	September 30,	
	2024	2023
Land	\$ 18,145,758	\$ 18,145,758
Buildings and improvements	34,318,554	33,935,404
Furniture and fixtures	353,422	403,960
Vehicles and equipment	1,534,229	1,589,101
	<u>54,351,963</u>	<u>54,074,223</u>
Less accumulated depreciation and amortization	<u>(14,141,540)</u>	<u>(13,201,725)</u>
	40,210,423	40,872,498
Construction in progress	<u>2,482,490</u>	<u>2,001,349</u>
	<u>\$ 42,692,913</u>	<u>\$ 42,873,847</u>

Construction in progress primarily includes various renovations and improvements underway at The Bowery Mission and Mont Lawn Camp. There were no outstanding construction contracts at September 30, 2024 and 2023.

7. LINE OF CREDIT PAYABLE:

Christian Herald has a line of credit from a bank up to \$5,000,000. The line of credit is collateralized by investments held at that bank in certain accounts, as such from time to time the borrowing limit may be less than the maximum. Interest is calculated at a variable rate equal to the bank's prime rate (8% and 8.5% at September 30, 2024 and 2023, 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 2025. The line of credit balance was \$0 as of both September 30, 2024 and 2023.

Christian Herald is required to meet various loan covenants. As of September 30, 2024 and 2023, Christian Herald was in compliance with or had obtained waivers for these covenants.

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

8. 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 benefits were closed to new participants after that date.

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

	September 30,	
	2024	2023
Service cost	\$ 1,306	\$ 1,946
Interest cost	20,666	29,661
Amortization of actuarial (gain) loss	(83,704)	(38,934)
	\$ (61,732)	\$ (7,327)

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

	September 30,	
	2024	2023
Accumulated post-retirement benefit obligation at beginning of year	\$ 392,950	\$ 637,848
Service cost	1,306	1,946
Interest cost	20,666	29,661
Actuarial (gain) loss	22,657	(261,468)
Benefits paid	(13,468)	(15,037)
Accumulated post-retirement benefit obligation at end of year	\$ 424,111	\$ 392,950

The accumulated post-retirement benefit obligation consists of the following:

	September 30,	
	2024	2023
Retirees	\$ 246,153	\$ 247,402
Active employees	177,958	145,548
	\$ 424,111	\$ 392,950

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

8. POST-RETIREMENT BENEFITS PAYABLE, continued:

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:

	<u>September 30,</u>	
	<u>2024</u>	<u>2023</u>
Discount rate - CHA calculation	4.79%	5.60%
Discount rate - CHHDFC calculation	5.32%	4.91%

Changes in discount rate, demographics and mortality assumptions in 2024 and 2023 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 5.00% in 2024, decreasing gradually to 4.04% in 2075. The rate of increase in per capita cost of covered prescription drug benefits is assumed to be 6.40% in 2024 decreasing gradually to 4.04% in 2075.

CASH FLOWS

Christian Herald expects to expend an amount equal to the estimated future benefit payments for 2025. Shown below are estimated benefit payments, which reflect expected future service costs:

<u>Year Ending September 30,</u>	
2025	\$ 25,000
2026	\$ 25,000
2027	\$ 26,000
2028	\$ 26,000
2029	\$ 27,000
2030-2034	\$ 138,000

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	September 30,	
	2024	2023
Subject to expenditure for a specified time or purpose:		
Pledges receivable - time restricted	\$ 1,228,441	\$ 2,721,600
Buildings and equipment	256,347	257,403
Other restricted purposes	311,293	23,375
	<u>1,796,081</u>	<u>3,002,378</u>
Subject to endowment spending policy and appropriation:		
Accumulated gains on endowment assets	1,083,195	170,644
Endowment funds restricted in perpetuity	5,503,623	5,503,623
	<u>6,586,818</u>	<u>5,674,267</u>
Beneficial interest in perpetual trusts	<u>1,925,925</u>	<u>1,626,713</u>
	<u>\$ 10,308,824</u>	<u>\$ 10,303,358</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, 2024 and 2023

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, 2024 and 2023

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, 2024, there were 2 funds with deficiencies totaling approximately \$52,000. The original gift value of these funds was approximately \$1,503,000 at September 30, 2024, compared to the fair market value of the associated assets of approximately \$1,451,000 at September 30, 2024. As of September 30, 2023, there were 4 funds with deficiencies totaling approximately \$363,000. The original gift value of these funds was approximately \$3,080,000 at September 30, 2023, compared to the fair market value of the associated assets of approximately \$2,717,000 at September 30, 2023. 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, which have not fully recovered through investment earnings over time. Christian Herald has temporarily reduced appropriations from the endowment pool to make up for the additional appropriations made during the year ended September 30, 2019.

Endowment net asset composition by type of fund as of September 30, 2024, is as follows:

	Original Gift Amount	Accumulated Gains (Losses)	Total
General purposes	\$ 3,527,742	\$ 873,728	\$ 4,401,470
Restricted purposes	1,975,881	209,467	2,185,348
	\$ 5,503,623	\$ 1,083,195	\$ 6,586,818

Changes in endowment funds for the fiscal year ended September 30, 2024, consisted of the following:

	Original Gift Amount	Accumulated Gains (Losses)	Total
Endowment net assets, beginning of year	\$ 5,503,623	\$ 170,644	\$ 5,674,267
Interest and dividends-net	-	169,075	169,075
Realized and unrealized gains	-	1,016,560	1,016,560
Amounts appropriated for expenditure	-	(273,084)	(273,084)
	-	912,551	912,551
Endowment net assets, end of year	\$ 5,503,623	\$ 1,083,195	\$ 6,586,818

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

10. ENDOWMENTS, continued:

Endowment net asset composition by type of fund as of September 30, 2023, is as follows:

	Original Gift Amount	Accumulated Gains (Losses)	Total
General purposes	\$ 3,527,742	\$ 239,043	\$ 3,766,785
Restricted purposes	1,975,881	(68,399)	1,907,482
	\$ 5,503,623	\$ 170,644	\$ 5,674,267

Changes in endowment funds for the fiscal year ended September 30, 2023, consisted of the following:

	Original Gift Amount	Accumulated Gains (Losses)	Total
Endowment net assets, beginning of year	\$ 5,503,623	\$ (436,159)	\$ 5,067,464
Interest and dividends-net	-	205,988	205,988
Realized and unrealized gains	-	475,486	475,486
Amounts appropriated for expenditure	-	(74,671)	(74,671)
	-	606,803	606,803
Endowment net assets, end of year	\$ 5,503,623	\$ 170,644	\$ 5,674,267

11. SPECIAL EVENTS - NET:

Special events-net for the years ended consist of the following:

	Year Ended September 30,	
	2024	2023
Contributions	\$ 2,404,184	\$ 2,256,493
Revenues	176,502	202,619
Related direct expenses	(176,502)	(202,619)
	\$ 2,404,184	\$ 2,256,493

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

12. GIFTS-IN-KIND:

Gifts-in-kind consisted of the following for the year ended September 30, 2024:

	Received By Christian Herald	Distributed to the Community	Used at Christian Herald Facilities
Food	\$ 4,689,569	\$ 1,406,871	\$ 3,282,698
Clothing	753,198	301,279	451,919
Supplies	218,649	-	218,649
	\$ 5,661,416	\$ 1,708,150	\$ 3,953,266

Gifts-in-kind consisted of the following for the year ended September 30, 2023:

	Received By Christian Herald	Distributed to the Community	Used at Christian Herald Facilities
Food	\$ 4,090,067	\$ 1,433,449	\$ 2,656,618
Clothing	711,420	285,895	425,525
Supplies	341,176	-	341,176
	\$ 5,142,663	\$ 1,719,344	\$ 3,423,319

Donated food, clothing and supplies received by Christian Herald are recorded as gifts-in-kind contributions at estimated fair value on the date of donation. Expenses are recognized when the donated items are utilized or distributed by Christian Herald, and are reported as program services expenses. Donated items that are unusable by Christian Herald are considered waste and not recorded. Christian Herald utilized three gifts-in-kind valuation methods during the years ended September 30, 2024 and 2023, for food. These methods include (1) \$1.91 per pound for general food donations; (2) \$12.92 per pound for donated prepared meals; and (3) \$3.55 per pound for supermarket food donations. Christian Herald utilized a \$13.25 per pound valuation method for donated clothing, and for other items, Christian Herald utilized the average price located on publicly available websites or similar sources, less a discount if the item donated had been used. Christian Herald determined the valuation methodologies used in estimating fair value by conducting pricing studies involving estimating the average price per pound based on Salvation Army, Feeding America, costs to purchase similar items, and other data sources. For the years ended September 30, 2024 and 2023, all gifts-in-kind are without donor restrictions. Christian Herald does not hold gifts-in-kind for sale.

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

13. LEASE RIGHT-OF-USE ASSETS AND LEASE LIABILITIES:

Christian Herald leases office space, program space, office equipment, and vehicles under various operating and financing leases expiring in 2024 through 2027. The leases require various payments ranging between approximately \$3,000 and \$271,000 annually. The discount rate represents the implicit rate as stated within the lease or the risk-free discount rate using a period comparable with that of the individual lease term on the adoption date. Christian Herald has elected the short-term lease exemption for all leases with a term of 12 months or less, if any, for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Christian Herald also elected the practical expedient to not separate lease and non-lease components, if any. Lease payments for short-term leases are recognized on straight-line basis. Lease right-of-use assets and liabilities, as well as lease cost, consist of the following:

	September 30,	
	2024	2023
Assets:		
Operating right-of-use	\$ 203,481	\$ 501,310
Financing right-of-use	\$ 22,357	\$ 37,897
Liabilities:		
Operating lease liabilities	\$ 229,867	\$ 558,693
Financing lease liabilities	\$ 23,228	\$ 42,446
Lease cost:		
Finance lease costs:		
Amortization of ROU assets	\$ 43,047	\$ 38,623
Interest on lease liabilities	1,864	2,671
Operating lease costs	312,256	433,869
	<u>\$ 357,167</u>	<u>\$ 475,163</u>
Weighted-average discount rate:		
Operating leases	3.90%	4.00%
Financing leases	4.13%	4.11%
Weighted-average remaining lease term (in years):		
Operating leases	2.97	2.37
Financing leases	1.69	1.03

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated and Combined Financial Statements

September 30, 2024 and 2023

13. LEASE RIGHT-OF-USE ASSETS AND LEASE LIABILITIES, continued:

Future minimum lease payments required under operating and financing leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ending September 30,</u>	<u>Financing</u>	<u>Operating</u>
2025	\$ 13,676	\$ 74,566
2026	9,365	77,168
2027	1,078	79,864
2028	-	13,386
	<u>24,119</u>	<u>244,984</u>
Less imputed interest	<u>(891)</u>	<u>(15,117)</u>
	<u>\$ 23,228</u>	<u>\$ 229,867</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 \$298,000 and \$319,000 for the years ending September 30, 2024 and 2023, 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, 2024 and 2023, totaled approximately \$6,100 and \$5,500, respectively.

15. RELATED PARTY TRANSACTIONS:

Members of the Board of Directors contributed approximately \$1,015,000 and \$1,148,000 to Christian Herald during the years ended September 30, 2024 and 2023, respectively.

16. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 7, 2025, which is the date the consolidated and combined financial statements were available to be issued. Subsequent events after that date have not been evaluated.

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, 2024 and 2023, and have issued our report thereon dated March 7, 2025, 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, the information is fairly stated in all material respects in relation to the consolidated and combined financial statements as a whole.

Capin Crouse LLC

New York, New York
March 7, 2025

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Consolidating and Combining Schedule of Financial Position

September 30, 2024

	CHA	Heartsease	Foundation	CHHDFC	GRM	Elimination Entry	Totals
ASSETS:							
Cash and cash equivalents	\$ 1,509,602	\$ 65,350	\$ 28,421	\$ -	\$ 923,848	\$ -	\$ 2,527,221
Accounts receivable	750,605	22,111	228,194	-	-	(1,000,675)	235
Pledges receivable-net	1,228,441	-	-	-	-	-	1,228,441
Prepaid expenses	349,209	-	-	-	9,955	-	359,164
Deposits and other assets	144,258	-	-	11,062	350,000	-	505,320
Assets held for sale	-	-	-	1,424,543	2,170,711	-	3,595,254
Operating lease-right-of-use assets	203,481	-	-	-	-	-	203,481
Financing lease-right-of-use assets	22,357	-	-	-	-	-	22,357
Investments	11,755,064	-	-	-	95,666	-	11,850,730
Restricted cash	256,347	-	-	-	-	-	256,347
Land, buildings and equipment-net	42,542,586	100,000	-	50,327	-	-	42,692,913
Beneficial interest in perpetual trusts	1,925,925	-	-	-	-	-	1,925,925
Total Assets	\$ 60,687,875	\$ 187,461	\$ 256,615	\$ 1,485,932	\$ 3,550,180	\$ (1,000,675)	\$ 65,167,388

(continued)

See independent auditors' report on supplementary information

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Consolidating and Combining Schedule of Financial Position

September 30, 2024

(continued)

	CHA	Heartsease	Foundation	CHHDFC	GRM	Elimination Entry	Totals
LIABILITIES AND NET ASSETS:							
Liabilities:							
Accounts payable and accrued expenses	\$ 1,699,333	\$ 2,471	\$ 925	\$ 396,304	\$ 360,817	\$ (1,000,675)	\$ 1,459,175
Operating lease liabilities	229,867	-	-	-	-	-	229,867
Financing lease liabilities	23,228	-	-	-	-	-	23,228
Post-retirement benefits payable	332,541	-	-	91,570	-	-	424,111
Notes payable - recoverable subsidies	4,540,000	-	-	-	-	-	4,540,000
Total liabilities	6,824,969	2,471	925	487,874	360,817	(1,000,675)	6,676,381
Net Assets:							
Without donor restrictions	43,649,746	184,990	255,690	998,058	3,093,699	-	48,182,183
With donor restrictions	10,213,160	-	-	-	95,664	-	10,308,824
Total net assets	53,862,906	184,990	255,690	998,058	3,189,363	-	58,491,007
Total Liabilities and Net Assets	\$ 60,687,875	\$ 187,461	\$ 256,615	\$ 1,485,932	\$ 3,550,180	\$ (1,000,675)	\$ 65,167,388

See independent auditors' report on supplementary information

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Consolidating and Combining Schedule of Financial Position

September 30, 2023

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
ASSETS:								
Cash and cash equivalents	\$ 375,454	\$ 66,642	\$ 28,421	\$ -	\$ 184,102	\$ 543,905	\$ -	\$ 1,198,524
Accounts receivable	2,172,312	23,914	110,077	-	22,617	5,664	(2,278,699)	55,885
Pledges receivable-net	2,721,600	-	-	-	-	-	-	2,721,600
Prepaid expenses	525,194	-	-	-	38,208	4,455	-	567,857
Deposits and other assets	193,363	-	-	11,061	-	350,000	-	554,424
Assets held for sale	-	-	-	1,424,543	-	2,182,491	-	3,607,034
Operating lease-right-of-use assets	501,310	-	-	-	-	-	-	501,310
Financing lease-right-of-use assets	37,897	-	-	-	-	-	-	37,897
Investments	11,022,911	-	-	-	-	78,452	-	11,101,363
Restricted cash	257,403	-	-	-	-	-	-	257,403
Land, buildings and equipment-net	16,749,364	100,000	-	50,306	25,974,177	-	-	42,873,847
Beneficial interest in perpetual trusts	1,626,713	-	-	-	-	-	-	1,626,713
Total Assets	\$ 36,183,521	\$ 190,556	\$ 138,498	\$ 1,485,910	\$ 26,219,104	\$ 3,164,967	\$ (2,278,699)	\$ 65,103,857

(continued)

See independent auditors' report on supplementary information

CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Consolidating and Combining Schedule of Financial Position

September 30, 2023

(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
LIABILITIES AND NET ASSETS:								
Liabilities:								
Accounts payable and accrued expenses	\$ 1,510,726	\$ -	\$ -	\$ 347,157	\$ 1,720,125	\$ 175,262	\$ (2,278,699)	\$ 1,474,571
Operating lease liabilities	558,693	-	-	-	-	-	-	558,693
Financing lease liabilities	42,446	-	-	-	-	-	-	42,446
Post-retirement benefits payable	303,829	-	-	89,121	-	-	-	392,950
Notes payable - recoverable subsidies	1,840,000	-	-	-	2,700,000	-	-	4,540,000
Total liabilities	4,255,694	-	-	436,278	4,420,125	175,262	(2,278,699)	7,008,660
Net Assets:								
Without donor restrictions	21,702,919	190,556	138,498	1,049,632	21,798,979	2,911,255	-	47,791,839
With donor restrictions	10,224,908	-	-	-	-	78,450	-	10,303,358
Total net assets	31,927,827	190,556	138,498	1,049,632	21,798,979	2,989,705	-	58,095,197
Total Liabilities and Net Assets	\$ 36,183,521	\$ 190,556	\$ 138,498	\$ 1,485,910	\$ 26,219,104	\$ 3,164,967	\$ (2,278,699)	\$ 65,103,857

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, 2024

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
SUPPORT AND REVENUE:								
Support:								
Contributions and grants	\$ 15,193,214	\$ -	\$ 118,118	\$ -	\$ -	\$ 194,943	\$ -	\$ 15,506,275
Special events-net (Note 11)	2,404,184	-	-	-	-	-	-	2,404,184
Gifts-in-kind	5,661,416	-	-	-	-	-	-	5,661,416
Volunteer services	2,083	-	-	-	-	-	-	2,083
Total support	23,260,897	-	118,118	-	-	194,943	-	23,573,958
Revenue:								
Dividends and interest (net of fees)	350,747	-	-	-	-	(754)	-	349,993
Retreat center, camp fees and after school program	113,642	-	-	-	-	-	-	113,642
Other income	646,323	12,600	-	5,746	-	184,550	(12,600)	836,619
Total revenue	1,110,712	12,600	-	5,746	-	183,796	(12,600)	1,300,254
Total Support and Revenue	24,371,609	12,600	118,118	5,746	-	378,739	(12,600)	24,874,212

(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, 2024
(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
EXPENSES:								
Program services:								
The Bowery Mission Adult Programs	15,772,057	15,956	-	-	-	-	(12,600)	15,775,413
Mont Lawn Summer and City Camps and Retreat Center	2,958,361	-	-	-	-	-	-	2,958,361
Goodwill Rescue Mission	-	-	-	-	-	197,049	-	197,049
Total program services	18,730,418	15,956	-	-	-	197,049	(12,600)	18,930,823
Supporting services:								
Management and general	1,191,758	1,769	926	54,871	-	-	-	1,249,324
Fundraising	5,732,357	441	-	-	-	-	-	5,732,798
Total supporting services	6,924,115	2,210	926	54,871	-	-	-	6,982,122
Total Expenses	25,654,533	18,166	926	54,871	-	197,049	(12,600)	25,912,945
Change in Net Assets Before Other Changes	(1,282,924)	(5,566)	117,192	(49,125)	-	181,690	-	(1,038,733)

(continued)

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CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Consolidating and Combining Schedule of Change in Net Assets

Year Ended September 30, 2024
(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
Other Changes in Net Assets:								
Realized and unrealized gain on investments	1,163,729	-	-	-	-	17,968	-	1,181,697
Change in liability for post-retirement benefits	(43,917)	-	-	(2,449)	-	-	-	(46,366)
Change in value of perpetual trusts	299,212	-	-	-	-	-	-	299,212
Total Other Changes in Net Assets	<u>1,419,024</u>	<u>-</u>	<u>-</u>	<u>(2,449)</u>	<u>-</u>	<u>17,968</u>	<u>-</u>	<u>1,434,543</u>
Change in Net Assets before equity transfer	136,100	(5,566)	117,192	(51,574)	-	199,658	-	395,810
Equity transfer	<u>21,798,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,798,979)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets after equity transfer	21,935,079	(5,566)	117,192	(51,574)	(21,798,979)	199,658	-	395,810
Net Assets, Beginning of Year	<u>31,927,827</u>	<u>190,556</u>	<u>138,498</u>	<u>1,049,632</u>	<u>21,798,979</u>	<u>2,989,705</u>	<u>-</u>	<u>58,095,197</u>
Net Assets, End of Year	<u>\$ 53,862,906</u>	<u>\$ 184,990</u>	<u>\$ 255,690</u>	<u>\$ 998,058</u>	<u>\$ -</u>	<u>\$ 3,189,363</u>	<u>\$ -</u>	<u>\$ 58,491,007</u>

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CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Consolidating and Combining Schedule of Change in Net Assets

Year Ended September 30, 2023

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
SUPPORT AND REVENUE:								
Support:								
Contributions and grants	\$15,939,986	\$ -	\$ 120,950	\$ -	\$ 480,502	\$ 313,848	\$ -	\$16,855,286
Special events-net (Note 11)	2,256,493	-	-	-	-	-	-	2,256,493
Gifts-in-kind	5,142,663	-	-	-	-	-	-	5,142,663
Volunteer services	6,440	-	-	-	-	-	-	6,440
Total support	<u>23,345,582</u>	<u>-</u>	<u>120,950</u>	<u>-</u>	<u>480,502</u>	<u>313,848</u>	<u>-</u>	<u>24,260,882</u>
Revenue:								
Dividends and interest (net of fees)	363,851	-	-	-	-	68	-	363,919
Retreat center, camp fees and after school program	359,266	-	-	-	-	-	-	359,266
Other income (loss)	617,430	12,000	-	-	(22,644)	182,900	(12,000)	777,686
Total revenue	<u>1,340,547</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>(22,644)</u>	<u>182,968</u>	<u>(12,000)</u>	<u>1,500,871</u>
Total Support and Revenue	<u>24,686,129</u>	<u>12,000</u>	<u>120,950</u>	<u>-</u>	<u>457,858</u>	<u>496,816</u>	<u>(12,000)</u>	<u>25,761,753</u>

(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, 2023
(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
EXPENSES:								
Program services:								
The Bowery Mission and Women's Center	16,799,949	44	-	2,966	-	-	(12,000)	16,790,959
Mont Lawn Summer and City Camps and Retreat Center	1,672,655	-	-	-	-	-	-	1,672,655
New York City Rescue Mission	-	-	-	-	409,500	-	-	409,500
Goodwill Rescue Mission	-	-	-	-	-	10,662	-	10,662
Total program services	18,472,604	44	-	2,966	409,500	10,662	(12,000)	18,883,776
Supporting services:								
Management and general	1,501,021	-	-	-	90,286	12,277	-	1,603,584
Fundraising	5,599,220	-	-	-	176,935	75,598	-	5,851,753
Total supporting services	7,100,241	-	-	-	267,221	87,875	-	7,455,337
Total Expenses	25,572,845	44	-	2,966	676,721	98,537	(12,000)	26,339,113
Change in Net Assets Before Other Changes	(886,716)	11,956	120,950	(2,966)	(218,863)	398,279	-	(577,360)

(continued)

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CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

Consolidating and Combining Schedule of Change in Net Assets

Year Ended September 30, 2023
(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
Other Changes in Net Assets:								
Realized and unrealized gain on investments	475,407	-	-	-	-	1,616	-	477,023
Change in liability for post-retirement benefits	49,814	-	-	183,020	-	-	-	232,834
Change in value of perpetual trusts	120,466	-	-	-	-	-	-	120,466
Total Other Changes in Net Assets	<u>645,687</u>	<u>-</u>	<u>-</u>	<u>183,020</u>	<u>-</u>	<u>1,616</u>	<u>-</u>	<u>830,323</u>
Change in Net Assets	(241,029)	11,956	120,950	180,054	(218,863)	399,895	-	252,963
Net Assets, Beginning of Year	<u>32,168,856</u>	<u>178,600</u>	<u>17,548</u>	<u>869,578</u>	<u>22,017,842</u>	<u>2,589,810</u>	<u>-</u>	<u>57,842,234</u>
Net Assets, End of Year	<u><u>\$31,927,827</u></u>	<u><u>\$ 190,556</u></u>	<u><u>\$ 138,498</u></u>	<u><u>\$ 1,049,632</u></u>	<u><u>\$21,798,979</u></u>	<u><u>\$ 2,989,705</u></u>	<u><u>\$ -</u></u>	<u><u>\$58,095,197</u></u>

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