



CHRISTIAN HERALD ASSOCIATION, INC.  
AND SUBSIDIARIES

Consolidated and Combined Financial Statements  
With Independent Auditors' Report

September 30, 2021 and 2020

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated and combined financial statements of Christian Herald Association Inc. and Subsidiaries, which comprise the consolidated and combined statements of financial position as of September 30, 2021 and 2020, 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 conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated and combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated and combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and combined financial statements.

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

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

***Opinion***

In our opinion, 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, 2021 and 2020, and the changes in their consolidated and combined net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

New York, New York  
July 8, 2022

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidated and Combined Statements of Financial Position

	September 30,	
	2021	2020
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,888,581	\$ 3,656,984
Accounts receivable	22,429	72,556
Pledges receivable-net	4,366,398	3,580,442
Prepaid expenses	409,798	276,904
Deposits and other assets	223,284	271,249
Investments	11,595,140	7,533,010
Restricted cash	733,120	1,281,037
Land, buildings and equipment-net	46,785,724	46,974,684
Beneficial interest in perpetual trusts	1,934,189	1,666,738
	<u>\$ 67,958,663</u>	<u>\$ 65,313,604</u>
<b>Total Assets</b>	<b>\$ 67,958,663</b>	<b>\$ 65,313,604</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 2,000,710	\$ 1,672,013
Paycheck Protection Program loans	-	2,434,235
Notes and lines of credit payable	121,608	1,933,658
Post-retirement benefits payable	981,455	1,042,330
Notes payable - recoverable subsidies	4,540,000	4,540,000
	<u>7,643,773</u>	<u>11,622,236</u>
<b>Total liabilities</b>	<b>7,643,773</b>	<b>11,622,236</b>
<b>Net assets:</b>		
Without donor restrictions	46,455,506	41,367,648
With donor restrictions	13,859,384	12,323,720
	<u>60,314,890</u>	<u>53,691,368</u>
<b>Total net assets</b>	<b>60,314,890</b>	<b>53,691,368</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 67,958,663</b>	<b>\$ 65,313,604</b>

See notes to consolidated and combined financial statements

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidated and Combined Statements of Activities

	Year Ended September 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS:						
Support:						
Contributions	\$ 17,055,991	\$ 5,815,366	\$ 22,871,357	\$ 21,096,225	\$ 2,957,929	\$ 24,054,154
Special events-net (Note 11)	992,700	-	992,700	1,426,960	-	1,426,960
Gifts-in-kind	7,342,811	-	7,342,811	8,707,022	-	8,707,022
Volunteer services	36,821	-	36,821	108,197	-	108,197
Total support	25,428,323	5,815,366	31,243,689	31,338,404	2,957,929	34,296,333
Revenue:						
Dividends and interest (net of fees)	16,560	64,734	81,294	24,665	98,784	123,449
Retreat center, camp fees, and after school program	127,141	-	127,141	191,611	-	191,611
Gain on extinguishment of debt (Note 2)	2,422,295	-	2,422,295	-	-	-
Other income	87,448	-	87,448	87,658	-	87,658
Total revenue	2,653,444	64,734	2,718,178	303,934	98,784	402,718
Reclassifications:						
Satisfaction of restrictions	5,554,258	(5,554,258)	-	1,189,449	(1,189,449)	-
Total Support, Revenue and Reclassifications	33,636,025	325,842	33,961,867	32,831,787	1,867,264	34,699,051

(continued)

See notes to consolidated and combined financial statements

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidated and Combined Statements of Activities

(continued)

	Year Ended September 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services:						
The Bowery Mission and Women's Center	14,853,693	-	14,853,693	16,759,205	-	16,759,205
Mont Lawn Summer and City Camps and Retreat Center	1,328,746	-	1,328,746	1,333,756	-	1,333,756
New York City Rescue Mission	3,701,270	-	3,701,270	3,161,891	-	3,161,891
Goodwill Rescue Mission	240,461	-	240,461	828,294	-	828,294
Total program services	20,124,170	-	20,124,170	22,083,146	-	22,083,146
Supporting services:						
Management and general	1,412,153	-	1,412,153	1,878,216	-	1,878,216
Fundraising	7,066,694	-	7,066,694	6,115,345	-	6,115,345
Total supporting activities	8,478,847	-	8,478,847	7,993,561	-	7,993,561
Total Expenses	28,603,017	-	28,603,017	30,076,707	-	30,076,707
Change in Net Assets Before Other Changes	5,033,008	325,842	5,358,850	2,755,080	1,867,264	4,622,344

(continued)

See notes to consolidated and combined financial statements

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidated and Combined Statements of Activities

(continued)

	Year Ended September 30,					
	2021			2020		
	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	11,567	942,371	953,938	63,709	42,008	105,717
Change in liability for post-retirement benefits	43,283	-	43,283	(25,367)	-	(25,367)
Change in value of perpetual trusts	-	267,451	267,451	-	8,039	8,039
Total Other Changes in Net Assets	54,850	1,209,822	1,264,672	38,342	50,047	88,389
Change in Net Assets	5,087,858	1,535,664	6,623,522	2,793,422	1,917,311	4,710,733
Net Assets, Beginning of Year	41,367,648	12,323,720	53,691,368	38,574,226	10,406,409	48,980,635
Net Assets, End of Year	\$ 46,455,506	\$ 13,859,384	\$ 60,314,890	\$ 41,367,648	\$ 12,323,720	\$ 53,691,368

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,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 6,623,522	\$ 4,710,733
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,372,742	1,354,198
Realized and unrealized gain on investments	(953,938)	(105,717)
Change in value of beneficial interest in perpetual trusts	(267,451)	(8,039)
Extinguishment of Paycheck Protection Program loans (Note 2)	(2,422,295)	-
Loss on disposal of land, buildings and equipment	49,734	50,799
Bad debt expense	1,669,936	569,763
Donated equipment	(255,679)	-
Changes in:		
Accounts receivable	50,127	37,614
Pledges receivable	(2,455,892)	(1,881,637)
Prepaid expenses	(132,894)	(39,678)
Deposits and other assets	47,965	128,199
Accounts payable and accrued expenses	216,765	(805,561)
Post-retirement benefits payable	(60,875)	25,367
Net Cash Provided by Operating Activities	3,481,767	4,036,041
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(4,261,034)	(1,994,062)
Proceeds from sale of investments	1,152,842	1,737,653
Cash paid for acquisition of land, buildings and equipment	(837,490)	(1,326,610)
Net Cash Used by Investing Activities	(3,945,682)	(1,583,019)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Paycheck Protection Program loans (Note 2)	-	2,434,235
Principal payments on Paycheck Protection Program loans (Note 2)	(11,940)	-
Principal payments on notes and lines of credit payable	(1,840,465)	(2,183,347)
Net Cash Provided (Used) by Financing Activities	(1,852,405)	250,888
Change in Cash, Cash Equivalents and Restricted Cash	(2,316,320)	2,703,910
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	4,938,021	2,234,111
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 2,621,701	\$ 4,938,021

(continued)

See notes to consolidated and combined financial statements

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidated and Combined Statements of Cash Flows

(continued)

	Year Ended September 30,	
	2021	2020
Reconciliation of Cash, Cash Equivalents and Restricted Cash to the Consolidated and Combined Statements of Financial Position:		
Cash and cash equivalents	\$ 1,888,581	\$ 3,656,984
Restricted cash	733,120	1,281,037
	\$ 2,621,701	\$ 4,938,021
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 22,560	\$ 157,373
Non-cash investing and financing transactions:		
Additions to land, buildings and equipment	\$ 1,233,516	\$ 1,484,422
Less: asset additions funded by debt	(28,415)	(157,812)
Less: asset additions in accounts payable at year end	(111,932)	-
Less: assets acquired by donation	(255,679)	-
Cash paid for land, buildings and equipment	\$ 837,490	\$ 1,326,610
Paycheck Protection Program loan forgiveness recognized as gain on extinguishment of debt (Note 2)	\$ 2,422,295	\$ -

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, 2021

	Program Services					Supporting Services			Cost of Direct Benefit to Donors	Total
	The Bowery Mission and Women's Center	Mont Lawn Summer and City Camps and Retreat Center	New York City Rescue Mission	Goodwill Rescue Mission	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and benefits	\$ 5,602,087	\$ 600,596	\$ 1,687,062	\$ 55,936	\$ 7,945,681	\$ 699,636	\$ 2,641,138	\$ 3,340,774	\$ -	\$ 11,286,455
Gifts-in-kind distributed	2,769,276	-	-	-	2,769,276	-	-	-	-	2,769,276
Food	1,853,190	46,318	929,644	-	2,829,152	-	-	-	-	2,829,152
Occupancy	723,740	267,468	167,326	26,941	1,185,475	32,062	89,860	121,922	-	1,307,397
Advertising and promotion	-	-	-	-	-	-	425,050	425,050	-	425,050
Professional fees, consulting and outside services	557,981	9,147	258,203	3,567	828,898	435,570	1,697,840	2,133,410	-	2,962,308
Volunteer services	37,975	1,041	-	-	39,016	-	-	-	-	39,016
Program and general supplies	1,826,483	42,721	166,027	946	2,036,177	2,265	8,729	10,994	-	2,047,171
Printing and postage	4,462	754	57	144	5,417	500	32,034	32,534	-	37,951
Insurance	153,741	41,511	50,037	22,763	268,052	73,883	3,064	76,947	-	344,999
Interest	-	-	-	-	-	22,560	-	22,560	-	22,560
Travel and transportation	94,326	37,378	8,901	2,165	142,770	3,338	9,125	12,463	-	155,233
Telephone and communications	63,571	14,572	32,003	1,391	111,537	5,692	16,088	21,780	-	133,317
Equipment and maintenance	360,436	23,367	75,836	3,842	463,481	40,873	162,464	203,337	-	666,818
Staff training and development	44,752	25,774	23,705	369	94,600	2,776	5,262	8,038	-	102,638
Dues, subscriptions, and books	23,573	11,092	1,633	86	36,384	2,157	41,269	43,426	-	79,810
Bank and credit card fees	1,031	581	566	2	2,180	30,666	224,347	255,013	-	257,193
Bad debt expense	-	-	-	-	-	42,711	1,627,225	1,669,936	-	1,669,936
Other expenses	35,929	3,783	14,426	306	54,444	2,256	37,295	39,551	32,500	126,495
Depreciation	701,140	202,643	285,844	122,003	1,311,630	15,208	45,904	61,112	-	1,372,742
<b>Total expenses</b>	<b>14,853,693</b>	<b>1,328,746</b>	<b>3,701,270</b>	<b>240,461</b>	<b>20,124,170</b>	<b>1,412,153</b>	<b>7,066,694</b>	<b>8,478,847</b>	<b>32,500</b>	<b>28,635,517</b>
Less: cost of direct benefit to donors	-	-	-	-	-	-	-	-	(32,500)	(32,500)
<b>Total Expenses on Consolidated and Combined Statements of Activities</b>	<b>\$ 14,853,693</b>	<b>\$ 1,328,746</b>	<b>\$ 3,701,270</b>	<b>\$ 240,461</b>	<b>\$ 20,124,170</b>	<b>\$ 1,412,153</b>	<b>\$ 7,066,694</b>	<b>\$ 8,478,847</b>	<b>\$ -</b>	<b>\$ 28,603,017</b>

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, 2020

	Program Services					Supporting Services			Cost of Direct Benefit to Donors	Total
	The Bowery Mission and Women's Center	Mont Lawn Summer and City Camps and Retreat Center	New York City Rescue Mission	Goodwill Rescue Mission	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and benefits	\$ 6,080,666	\$ 663,376	\$ 1,431,630	\$ 338,201	\$ 8,513,873	\$ 711,207	\$ 2,933,870	\$ 3,645,077	\$ -	\$ 12,158,950
Gifts-in-kind distributed	3,087,928	-	-	-	3,087,928	-	-	-	-	3,087,928
Food	3,408,086	24,862	752,275	117,435	4,302,658	-	-	-	-	4,302,658
Occupancy	648,094	182,391	213,836	82,161	1,126,482	74,235	179,298	253,533	-	1,380,015
Advertising and promotion	2,487	-	-	-	2,487	-	296,013	296,013	-	298,500
Professional fees, consulting and outside services	520,148	14,562	174,137	14,794	723,641	563,038	1,555,523	2,118,561	-	2,842,202
Volunteer services	108,590	368	-	-	108,958	-	-	-	-	108,958
Program and general supplies	1,614,824	85,118	186,918	99,214	1,986,074	2,502	18,833	21,335	-	2,007,409
Printing and postage	3,742	1,255	7	712	5,716	4,474	34,489	38,963	-	44,679
Insurance	163,388	68,072	44,783	29,243	305,486	87,376	3,932	91,308	-	396,794
Interest	31	-	-	-	31	157,342	-	157,342	-	157,373
Travel and transportation	130,435	8,750	4,958	13,362	157,505	1,364	28,375	29,739	-	187,244
Telephone and communications	85,941	15,601	32,305	5,561	139,408	5,742	14,278	20,020	-	159,428
Equipment and maintenance	253,691	17,755	41,710	2,507	315,663	24,823	113,653	138,476	-	454,139
Staff training and development	46,269	15,822	6,276	1,275	69,642	4,986	10,632	15,618	-	85,260
Dues, subscriptions, and books	14,062	9,252	3,883	160	27,357	696	27,416	28,112	-	55,469
Bank and credit card fees	-	-	-	-	-	41,913	224,178	266,091	-	266,091
Bad debt expense	-	-	-	-	-	189,680	380,083	569,763	-	569,763
Other expenses	24,120	-	629	207	24,956	-	134,693	134,693	180,055	339,704
Depreciation	566,703	226,572	268,544	123,462	1,185,281	8,838	160,079	168,917	-	1,354,198
<b>Total expenses</b>	<b>16,759,205</b>	<b>1,333,756</b>	<b>3,161,891</b>	<b>828,294</b>	<b>22,083,146</b>	<b>1,878,216</b>	<b>6,115,345</b>	<b>7,993,561</b>	<b>180,055</b>	<b>30,256,762</b>
Less: cost of direct benefit to donors	-	-	-	-	-	-	-	-	(180,055)	(180,055)
<b>Total Expenses on Consolidated and Combined Statements of Activities</b>	<b>\$ 16,759,205</b>	<b>\$ 1,333,756</b>	<b>\$ 3,161,891</b>	<b>\$ 828,294</b>	<b>\$ 22,083,146</b>	<b>\$ 1,878,216</b>	<b>\$ 6,115,345</b>	<b>\$ 7,993,561</b>	<b>\$ -</b>	<b>\$ 30,076,707</b>

See notes to consolidated and combined financial statements

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

1. NATURE OF ORGANIZATION:

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

The purposes of Christian Herald Association, Inc. (CHA) include providing compassionate services to New Yorkers experiencing homelessness and hunger; offering residential programs that provide adults in crisis with housing, vocational services, and relational case management as they make progress toward recovery and independence; and operating year-round enrichment and mentoring programs for children and youth from low-income neighborhoods. 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.

New York City Rescue Mission, Inc. (NYCRM) has served New Yorkers experiencing homelessness and hunger since 1872. 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. NYCRM continues to operate as a separate 501(c)(3) entity (see Note 18).

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

1. NATURE OF ORGANIZATION, continued:

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 operations at GRM in order to develop a more financially sustainable long term strategy for our NJ-based operations at GRM. This temporary suspension was still in place as of September 30, 2021. In the interim, GRM has connected guests with the life-transforming services of The Bowery Mission. Suspending operations at GRM has the estimated effect on future consolidated and combined financial statements of reducing annual support and revenue by approximately \$1,500,000 and reducing annual expenses by approximately \$1,800,000.

2. SIGNIFICANT ACCOUNTING POLICIES:

### BASIS OF ACCOUNTING

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

### PRINCIPLES OF CONSOLIDATION AND COMBINATION

The accompanying consolidated and combined statements of financial position and consolidated and combined statements of activities, cash flows and functional expenses, include the accounts of CHA, Heartsease, the Foundation, CHHDFC, NYCRM and GRM. The accounts of Heartsease, the Foundation, NYCRM and GRM are consolidated due to CHA's 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 and GRM as of and for the years ended September 30, 2021 and 2020, and for CHHDFC as of and for the years ended June 30, 2021 and 2020.

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 SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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 exceed federally insured limits by approximately \$1,670,000 and \$3,946,000 as of September 30, 2021 and 2020, respectively. Christian Herald has not experienced any losses on these accounts and management does not believe it is exposed to any significant risk.

#### ACCOUNTS RECEIVABLE

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

#### 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 3.25% for the years ended September 30, 2021 and 2020, 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.

#### INVESTMENTS

Investments consist of money market funds, certificates of deposit, mutual and exchange-traded funds, fixed income investments 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 in primarily equity and equity related interests. Interest and dividends (net of investment fees) and realized and unrealized gains and losses are included as revenue without donor restrictions, or in the case of endowment assets, revenue with donor restrictions in the consolidated and combined statements of activities. Donated investments are recorded at the fair value on the date of donation and thereafter carried in accordance with the above provisions.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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.

*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 the Christian Herald's share of the trust assets which are held as investments.

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

*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, 2021 and 2020

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, 2021			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 2,168,602	\$ 2,168,602	\$ -	\$ -
Mutual and exchange-traded funds	8,967,714	8,967,714	-	-
Total investments	11,136,316	11,136,316	-	-
Beneficial interest in perpetual trusts	1,934,189	-	-	1,934,189
	13,070,505	\$ 11,136,316	\$ -	\$ 1,934,189
Non-leveled investments:				
Investments reported at NAV:				
Hedge funds	428,311			
Investments reported at cost:				
Certificates of deposit	30,513			
	\$ 13,529,329			

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, 2021:

<u>Fund:</u>	<u>NAV in fund</u>	<u>Remaining life</u>	<u>Redemption terms / restrictions</u>
Hawk Ridge Partners Offshore Ltd.	\$ 428,311	Perpetual	Quarterly liquidity with 60 days notice required.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DISCLOSURES ABOUT FAIR VALUE OF ASSETS, continued

	September 30, 2020			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 824,076	\$ 824,076	\$ -	\$ -
Common stocks	49,534	49,534	-	-
Mutual and exchange-traded funds	6,282,663	6,282,663	-	-
 Total investments	7,156,273	7,156,273	-	-
 Beneficial interest in perpetual trusts	1,666,738	-	-	1,666,738
	8,823,011	\$ 7,156,273	\$ -	\$ 1,666,738
 Non-leveled investments:				
Investments reported at NAV:				
Hedge funds	346,224			
Investments reported at cost:				
Certificates of deposit	30,513			
	\$ 9,199,748			

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, 2020.

<u>Fund:</u>	<u>NAV in fund</u>	<u>Remaining life</u>	<u>Redemption terms / restrictions</u>
Hawk Ridge Partners Offshore Ltd.	\$ 346,224	Perpetual	Quarterly liquidity with 60 days notice required.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

### 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, 2021 and 2020.

#### 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.

#### PAYCHECK PROTECTION PROGRAM LOANS

During the year ended September 30, 2020, Christian Herald obtained Paycheck Protection Program loans totaling \$2,434,235 (CHA - \$1,989,050; NYCRM - \$318,245; and GRM - \$126,940) on May 1, 2020, through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the Small Business Administration (SBA). The loans accrued interest at 1.00% per annum and matured two years from the date they were funded. As of September 30, 2020, the full amounts were reported as a liability on the consolidated and combined statements of financial position. During the year September 30, 2021, Christian Herald submitted for loan forgiveness, and notification of full loan forgiveness was received from the SBA on July 1, 2021, for CHA and on June 16, 2021, for NYCRM. Partial loan forgiveness was received for GRM on June 12, 2021, with the remainder of the loan being paid in full by GRM during the year ended September 30, 2021. Revenue associated with these forgiveness amounts is recorded as gain on extinguishment of debt on the consolidated and combined statements of activities.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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.

#### NOTES PAYABLE - RECOVERABLE SUBSIDIES

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

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

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

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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.

#### 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. Investment income and changes in other assets or liabilities are recognized in the period earned or incurred and are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

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

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 \$37,000 and \$108,000 for the years ended September 30, 2021 and 2020, respectively, that meet current accounting standards.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

### 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 \$425,000 and \$299,000 for the years ended September 30, 2021 and 2020, respectively. Christian Herald incurred no joint costs for the years ended September 30, 2021 and 2020.

#### 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, 2021 and 2020

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,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 1,888,581	\$ 3,656,984
Accounts receivable	22,429	72,556
Pledges receivable-net	4,366,398	3,580,442
Investments	11,595,140	7,533,010
Restricted cash	733,120	1,281,037
Beneficial interest in perpetual trusts	1,934,189	1,666,738
Financial assets, at year end	20,539,857	17,790,767
Less those unavailable for general expenditure within one year, due to:		
Pledges receivable expected to be collected beyond one year	(980,390)	(1,612,027)
Investment balances unavailable due to collateral on line of credit (Note 5)	-	(1,636,290)
Restricted cash	(733,120)	(1,281,037)
Perpetual endowments and accumulated earnings	(6,144,418)	(5,130,889)
Beneficial interest in perpetual trusts	(1,934,189)	(1,666,738)
	(9,792,117)	(11,326,981)
Financial assets available to meet cash needs for general expenditures within one year	\$ 10,747,740	\$ 6,463,786

Christian Herald is substantially supported by contributions without and with donor restrictions. Those contributions with donor restriction require resources to be used in a particular manner or in a future period. Christian Herald must maintain sufficient resources to meet those responsibilities to its donors. Thus, at times financial assets may not be available for general expenditure within one year. Christian Herald has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Christian Herald has 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 and \$3,116,000 as of September 30, 2021 and 2020, respectively, 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, 2021 and 2020

4. PLEDGES RECEIVABLE-NET:

Pledges receivable-net consist of the following:

	September 30,	
	2021	2020
Due within one year	\$ 3,972,743	\$ 2,613,329
Due in one to three years	980,390	1,612,027
	4,953,133	4,225,356
Less allowance for uncollectible pledges	(547,836)	(593,083)
Less unamortized discount	(38,899)	(51,831)
	\$ 4,366,398	\$ 3,580,442

5. INVESTMENTS:

Investments consist of the following:

	September 30,	
	2021	2020
Money market funds	\$ 2,168,602	\$ 824,076
Mutual and exchange-traded funds	8,967,714	6,282,663
Common stocks	-	49,534
Hedge funds	428,311	346,224
Certificates of deposit	30,513	30,513
	\$ 11,595,140	\$ 7,533,010

Endowment assets at September 30, 2021 and 2020, comprise approximately \$6,144,000 and \$5,131,000 of investment balances, respectively.

Investment income for the year ended September 30, 2021, is comprised of:

	Without Donor Restrictions	With Donor Restrictions	Totals
Dividends and interest	\$ 43,993	\$ 110,184	\$ 154,177
Realized and unrealized gains	11,567	942,371	953,938
Investment advisory fees	(27,433)	(45,450)	(72,883)
	\$ 28,127	\$ 1,007,105	\$ 1,035,232



# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

5. INVESTMENTS, continued:

Investment income for the year ended September 30, 2020, is comprised of:

	Without Donor Restrictions	With Donor Restrictions	Totals
Dividends and interest	\$ 48,441	\$ 159,461	\$ 207,902
Realized and unrealized losses	63,709	42,008	105,717
Investment advisory fees	(23,776)	(60,677)	(84,453)
	<u>\$ 88,374</u>	<u>\$ 140,792</u>	<u>\$ 229,166</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, 2021 and 2020, Christian Herald's outstanding borrowings on the line of credit were in compliance with this requirement.

### RISKS AND UNCERTAINTIES RELATED TO INVESTMENTS

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

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

6. LAND, BUILDINGS AND EQUIPMENT-NET:

Land, buildings and equipment-net consists of:

	September 30,	
	2021	2020
Land	\$ 18,712,888	\$ 18,712,888
Buildings and improvements	39,865,376	39,756,732
Furniture and fixtures	1,037,965	1,037,965
Vehicles and equipment	4,063,039	3,771,482
	<u>63,679,268</u>	<u>63,279,067</u>
Less accumulated depreciation and amortization	(18,169,858)	(16,821,474)
	<u>45,509,410</u>	<u>46,457,593</u>
Construction in progress	1,276,314	517,091
	<u>\$ 46,785,724</u>	<u>\$ 46,974,684</u>

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

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

7. NOTES AND LINES OF CREDIT PAYABLE:

Notes and lines of credit payable consists of the following:

	September 30,	
	2021	2020
<p>CHA 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 (3.25% at September 30, 2021 and 2020, respectively) and payments of interest are due monthly based on the daily outstanding balance for each day in that month. Principal is paid down periodically such that the balance does not exceed the maximum. The line of credit is payable in full by June 30, 2022.</p>	\$ -	\$ 1,696,125
<p>CHA has vehicle and equipment loans payable maturing in June 2022 through October 2024. The loans are each payable in monthly installments of principal and interest between \$386 and \$2,236. Interest on the loans is fixed and ranges between 1% and 4.9%.</p>	121,608	139,744
<p>GRM had a line of credit from a bank up to \$200,000. The line of credit was secured by a mortgage lien. Interest was calculated at a variable rate equal to 1% over the prime rate (4.25% at September 30, 2020) and payments were due monthly. Principal was paid down periodically such that the balance did not exceed the maximum. The line of credit was paid in full as of the maturity date of May 31, 2021, and was not renewed.</p>	-	97,789
	\$ 121,608	\$ 1,933,658

Debt maturities for the succeeding four years are as follows:

Year Ending September 30,	
2022	\$ 51,820
2023	41,159
2024	28,629
	\$ 121,608

CHA is required to meet various loan covenants. As of both September 30, 2021 and 2020, CHA 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, 2021 and 2020

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 benefit was closed to new participants after that date.

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

	September 30,	
	2021	2020
Service cost	\$ 3,793	\$ 3,214
Interest cost	24,859	31,312
Amortization of actuarial (gain) loss	(12,526)	(2,304)
	\$ 16,126	\$ 32,222

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

	September 30,	
	2021	2020
Accumulated post-retirement benefit obligation at beginning of year	\$ 1,042,330	\$ 1,016,963
Service cost	3,793	3,214
Interest cost	24,859	31,312
Actuarial (gain) loss	(71,935)	3,529
Benefits paid	(17,592)	(12,688)
Accumulated post-retirement benefit obligation at end of year	\$ 981,455	\$ 1,042,330

The accumulated post-retirement benefit obligation consists of:

	September 30,	
	2021	2020
Retirees	\$ 255,263	\$ 283,343
Active employees not yet eligible to receive benefits	95,910	100,401
Active employees eligible to receive benefits	630,282	658,586
	\$ 981,455	\$ 1,042,330

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

### 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:

	September 30,	
	2021	2020
Discount rate - CHA calculation	2.61%	2.33%
Discount rate - CHHDFC calculation	2.65%	2.51%

Changes in discount rate, demographics and mortality assumptions between 2021 and 2020 constitute a change in estimate.

Assumed health care and prescription drug cost trend rates have a significant effect on the amounts reported for the post-retirement benefit plan. The rate of increase in per capita cost of covered health care benefits is assumed to be 4.40% in 2022, decreasing gradually to 3.78% in 2075. The rate of increase in per capita cost of covered prescription drug benefits is assumed to be 6.75% in 2022 decreasing gradually to 3.78% in 2075.

#### CASH FLOWS

Christian Herald expects to expend an amount equal to the estimated future benefit payments for 2021. Shown below are estimated benefit payments, which reflect expected future service costs:

<u>Year Ending September 30,</u>	
2022	\$ 41,200
2023	44,396
2024	44,515
2025	44,468
2026	44,953
2027-2031	241,292

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

### 9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	September 30,	
	2021	2020
Subject to expenditure for a specified time or purpose:		
Pledges receivable - time restricted	\$ 4,953,133	\$ 4,225,356
Buildings and equipment	733,120	1,281,037
Other restricted purposes	94,524	19,700
	<u>5,780,777</u>	<u>5,526,093</u>
Subject to endowment spending policy and appropriation:		
Accumulated gains (losses) on endowment assets	640,795	(372,734)
Endowment funds restricted in perpetuity	5,503,623	5,503,623
	<u>6,144,418</u>	<u>5,130,889</u>
Beneficial interest in perpetual trusts	<u>1,934,189</u>	<u>1,666,738</u>
	<u>\$ 13,859,384</u>	<u>\$ 12,323,720</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, 2021 and 2020

### 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, 2021 and 2020

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, 2021, there were 3 funds with deficiencies totaling approximately \$247,000. The original gift value of these funds was approximately \$3,029,000 at September 30, 2021, compared to the fair market value of the associated assets of approximately \$2,782,000 at September 30, 2021. As of September 30, 2020, there were 6 funds with deficiencies totaling approximately \$705,000. The original gift value of these funds was approximately \$3,232,000 at September 30, 2020, compared to the fair market value of the associated assets of approximately \$2,527,000 at September 30, 2020. The primary reason for the deficits is additional appropriations during the year ended September 30, 2020, by Christian Herald from endowment assets to fund programmatic needs.

Endowment net asset composition by type of fund as of September 30, 2021, is as follows:

	Original Gift Amount	Accumulated Gains (Losses)	Total
General purposes	\$ 3,527,742	\$ 609,032	\$ 4,136,774
Restricted purposes	1,975,881	31,763	2,007,644
	\$ 5,503,623	\$ 640,795	\$ 6,144,418

Changes in endowment funds for the fiscal year ended September 30, 2021, consisted of the following:

	Original Gift Amount	Accumulated Gains (Losses)	Total
Endowment net assets, beginning of year	\$ 5,503,623	\$ (372,734)	\$ 5,130,889
Interest and dividends-net	-	64,734	64,734
Realized and unrealized gain	-	942,371	942,371
Amounts appropriated for expenditure	-	(71,383)	(71,383)
Reclassifications	-	77,807	77,807
	-	1,013,529	1,013,529
Endowment net assets, end of year	\$ 5,503,623	\$ 640,795	\$ 6,144,418



# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

10. ENDOWMENTS, continued:

Endowment net asset composition by type of fund as of September 30, 2020, is as follows:

	Original Gift Amount	Accumulated Gains (Losses)	Total
General purposes	\$ 3,527,742	\$ (79,662)	\$ 3,448,080
Restricted purposes	1,975,881	(293,072)	1,682,809
	\$ 5,503,623	\$ (372,734)	\$ 5,130,889

Changes in endowment funds for the fiscal year ended September 30, 2020, consisted of the following:

	Original Gift Amount	Accumulated Gains (Losses)	Total
Endowment net assets, beginning of year	\$ 5,503,623	\$ (448,794)	\$ 5,054,829
Interest and dividends-net	-	98,784	98,784
Realized and unrealized loss	-	42,008	42,008
Amounts appropriated for expenditure	-	(64,732)	(64,732)
	-	76,060	76,060
Endowment net assets, end of year	\$ 5,503,623	\$ (372,734)	\$ 5,130,889

11. SPECIAL EVENTS - NET:

Special events-net consist of the following:

	September 30,	
	2021	2020
Contributions	\$ 1,010,987	\$ 1,440,900
Revenues	14,213	166,115
Related direct expenses	(32,500)	(180,055)
	\$ 992,700	\$ 1,426,960

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

### 12. GIFTS-IN-KIND:

Gifts-in-kind consisted of the following for the year ended September 30, 2021:

	Received By Christian Herald	Distributed to the Community	Used at Christian Herald Facilities
Food	\$ 4,779,441	\$ 2,018,676	\$ 2,760,765
Clothing	1,511,992	750,600	761,392
Equipment (capitalized)	255,679	-	255,679
Supplies	795,699	-	795,699
	\$ 7,342,811	\$ 2,769,276	\$ 4,573,535

Gifts-in-kind consisted of the following for the year ended September 30, 2020:

	Received By Christian Herald	Distributed to the Community	Used at Christian Herald Facilities
Food	\$ 6,198,482	\$ 1,959,016	\$ 4,239,466
Clothing	1,882,477	1,128,912	753,565
Supplies	626,063	-	626,063
	\$ 8,707,022	\$ 3,087,928	\$ 5,619,094

### 13. OPERATING LEASES:

Christian Herald rents office space under a lease expiring in fiscal year 2024. Rent expense amounted to approximately \$367,000 and \$535,000 for the years ended September 30, 2021 and 2020, respectively. Estimated minimum rent payments for subsequent years are as follows:

<u>Year Ending September 30,</u>	
2022	\$ 391,814
2023	399,246
2024	406,826
	\$ 1,197,886

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

### 13. OPERATING LEASES, continued:

Christian Herald leases office equipment under operating leases expiring during fiscal years 2022 through 2024. Rental expense for the leases amounted to approximately \$4,000 and \$8,000 for the years ended September 30, 2021 and 2020, respectively. Estimated minimum lease payments for the subsequent years are as follows:

<u>Year Ending September 30,</u>	
2022	\$ 4,056
2023	4,056
2024	<u>3,718</u>
	<u>\$ 11,830</u>

### 14. RETIREMENT PLANS:

Christian Herald sponsors a defined contribution pension plan under IRC Section 403(b) that covers substantially all of its full-time employees. Contributions are currently based on 4% of each covered employee's wages. Such amounts totaled approximately \$304,000 and \$321,000 for the years ending September 30, 2021 and 2020, 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, 2021 and 2020, totaled approximately \$5,200 and \$3,500, respectively.

### 15. DONOR CONCENTRATIONS:

During the years ended September 30, 2021 and 2020, Christian Herald received approximately 8% and 16%, respectively, of total contributions and 6% and 11%, respectively, of total revenue, from two donors in each year, respectively.

### 16. RELATED PARTY TRANSACTIONS:

Members of the Board of Directors contributed approximately \$1,607,000 and \$3,379,000 to Christian Herald during the years ended September 30, 2021 and 2020, respectively.

### 17. RISKS AND UNCERTAINTIES:

In March of 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the consolidated and combined financial position and results of CHA for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated and Combined Financial Statements

September 30, 2021 and 2020

### 18. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through July 8, 2022, which is the date the consolidated and combined financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Subsequent to year end in March 2022, the boards of directors of both NYCRM and CHA passed resolutions to approve closing down 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 would continue on as a program of CHA, with the NYCRM name continuing to be utilized as a "d/b/a". As of the date of these consolidated and combined financial statements, NYCRM and CHA are in the process of submitting necessary paperwork to the State of New York for approval. The planned effective date will be the first October 1 following final approval from the State of New York.

Subsequent to year end 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 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 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 and GRM will keep the deposits. As of the date of these consolidated and combined financial statements, no activity has taken place with respect to the redevelopment process.

## **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, 2021 and 2020, and have issued our report thereon dated July 8, 2022, 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 LLP*

New York, New York  
July 8, 2022

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidating and Combining Schedule of Financial Position

September 30, 2021

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
<b>ASSETS:</b>								
Cash and cash equivalents	\$ 1,215,096	\$ 24,000	\$ 16,421	\$ 6,421	\$ 335,588	\$ 291,055	\$ -	\$ 1,888,581
Accounts receivable	2,673,912	12,000	-	-	4,528	5,913	(2,673,924)	22,429
Pledges receivable-net	4,366,398	-	-	-	-	-	-	4,366,398
Prepaid expenses	341,749	-	-	-	63,912	4,137	-	409,798
Deposits and other assets	209,922	-	-	11,062	2,300	-	-	223,284
Investments	11,485,883	30,513	-	-	-	78,744	-	11,595,140
Restricted cash	733,120	-	-	-	-	-	-	733,120
Land, buildings and equipment-net	16,242,772	100,000	-	1,581,596	26,601,342	2,260,014	-	46,785,724
Beneficial interest in perpetual trusts	1,934,189	-	-	-	-	-	-	1,934,189
<b>Total Assets</b>	<b>\$ 39,203,041</b>	<b>\$ 166,513</b>	<b>\$ 16,421</b>	<b>\$ 1,599,079</b>	<b>\$ 27,007,670</b>	<b>\$ 2,639,863</b>	<b>\$ (2,673,924)</b>	<b>\$ 67,958,663</b>

(continued)

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidating and Combining Schedule of Financial Position

September 30, 2021

(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
<b>LIABILITIES AND NET ASSETS:</b>								
Liabilities:								
Accounts payable and accrued expenses	\$ 1,704,850	\$ -	\$ 106,658	\$ 351,140	\$ 2,023,295	\$ 488,691	\$ (2,673,924)	\$ 2,000,710
Notes and lines of credit payable	121,608	-	-	-	-	-	-	121,608
Post-retirement benefits payable	454,958	-	-	526,497	-	-	-	981,455
Notes payable - recoverable subsidies	1,840,000	-	-	-	2,700,000	-	-	4,540,000
<b>Total liabilities</b>	<b>4,121,416</b>	<b>-</b>	<b>106,658</b>	<b>877,637</b>	<b>4,723,295</b>	<b>488,691</b>	<b>(2,673,924)</b>	<b>7,643,773</b>
Net Assets:								
Without donor restrictions	21,300,985	166,513	(90,237)	721,442	22,284,375	2,072,428	-	46,455,506
With donor restrictions	13,780,640	-	-	-	-	78,744	-	13,859,384
<b>Total net assets</b>	<b>35,081,625</b>	<b>166,513</b>	<b>(90,237)</b>	<b>721,442</b>	<b>22,284,375</b>	<b>2,151,172</b>	<b>-</b>	<b>60,314,890</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 39,203,041</b>	<b>\$ 166,513</b>	<b>\$ 16,421</b>	<b>\$ 1,599,079</b>	<b>\$ 27,007,670</b>	<b>\$ 2,639,863</b>	<b>\$ (2,673,924)</b>	<b>\$ 67,958,663</b>

See independent auditors' report on supplementary information



# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidating and Combining Schedule of Financial Position

September 30, 2020

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
<b>ASSETS:</b>								
Cash and cash equivalents	\$ 2,494,772	\$ 12,000	\$ 16,023	\$ 6,421	\$ 722,000	\$ 405,768	\$ -	\$ 3,656,984
Accounts receivable	3,193,179	12,000	-	-	15,974	21,374	(3,169,971)	72,556
Pledges receivable-net	3,580,442	-	-	-	-	-	-	3,580,442
Prepaid expenses	228,842	-	-	-	46,971	1,091	-	276,904
Deposits and other assets	251,047	-	-	11,062	2,300	6,840	-	271,249
Investments	7,502,497	30,513	-	-	-	-	-	7,533,010
Restricted cash	1,281,037	-	-	-	-	-	-	1,281,037
Land, buildings and equipment-net	16,093,106	100,000	-	1,685,378	26,714,183	2,382,017	-	46,974,684
Beneficial interest in perpetual trusts	1,666,738	-	-	-	-	-	-	1,666,738
<b>Total Assets</b>	<b>\$ 36,291,660</b>	<b>\$ 154,513</b>	<b>\$ 16,023</b>	<b>\$ 1,702,861</b>	<b>\$ 27,501,428</b>	<b>\$ 2,817,090</b>	<b>\$ (3,169,971)</b>	<b>\$ 65,313,604</b>

(continued)

See independent auditors' report on supplementary information

# CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

## Consolidating and Combining Schedule of Financial Position

September 30, 2020

(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
<b>LIABILITIES AND NET ASSETS:</b>								
Liabilities:								
Accounts payable and accrued expenses	\$ 1,285,949	\$ 1,500	\$ 335,485	\$ 351,140	\$ 2,314,554	\$ 553,356	\$ (3,169,971)	\$ 1,672,013
Paycheck Protection Program loans	1,989,050	-	-	-	318,245	126,940	-	2,434,235
Notes and lines of credit payable	1,835,869	-	-	-	-	97,789	-	1,933,658
Post-retirement benefits payable	494,814	-	-	547,516	-	-	-	1,042,330
Notes payable - recoverable subsidies	1,840,000	-	-	-	2,700,000	-	-	4,540,000
<b>Total liabilities</b>	<b>7,445,682</b>	<b>1,500</b>	<b>335,485</b>	<b>898,656</b>	<b>5,332,799</b>	<b>778,085</b>	<b>(3,169,971)</b>	<b>11,622,236</b>
Net Assets:								
Without donor restrictions	16,522,258	153,013	(319,462)	804,205	22,168,629	2,039,005	-	41,367,648
With donor restrictions	12,323,720	-	-	-	-	-	-	12,323,720
<b>Total net assets</b>	<b>28,845,978</b>	<b>153,013</b>	<b>(319,462)</b>	<b>804,205</b>	<b>22,168,629</b>	<b>2,039,005</b>	<b>-</b>	<b>53,691,368</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 36,291,660</b>	<b>\$ 154,513</b>	<b>\$ 16,023</b>	<b>\$ 1,702,861</b>	<b>\$ 27,501,428</b>	<b>\$ 2,817,090</b>	<b>\$ (3,169,971)</b>	<b>\$ 65,313,604</b>

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, 2021

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
SUPPORT AND REVENUE:								
Support:								
Contributions and grants	\$20,512,219	\$ -	\$ 229,276	\$ -	\$ 2,758,201	\$ 337,286	\$ (965,625)	\$22,871,357
Special events-net (Note 11)	992,700	-	-	-	-	-	-	992,700
Gifts-in-kind	6,406,107	-	-	-	936,704	-	-	7,342,811
Volunteer services	36,821	-	-	-	-	-	-	36,821
Total support	27,947,847	-	229,276	-	3,694,905	337,286	(965,625)	31,243,689
Revenue:								
Dividends and interest (net of fees)	80,357	-	-	-	-	937	-	81,294
Retreat center, camp fees and after school program	127,141	-	-	-	-	-	-	127,141
Gain on forgiveness of debt (Note 2)	1,989,050	-	-	-	318,245	115,000	-	2,422,295
Other income (loss)	83,757	13,500	(51)	-	400,802	(9,262)	(401,298)	87,448
Total revenue	2,280,305	13,500	(51)	-	719,047	106,675	(401,298)	2,718,178
Total Support and Revenue	30,228,152	13,500	229,225	-	4,413,952	443,961	(1,366,923)	33,961,867

(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, 2021  
(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
EXPENSES:								
Program services:								
The Bowery Mission and Women's Center	15,922,185	-	-	103,782	-	-	(1,172,274)	14,853,693
Mont Lawn Summer and City Camps and Retreat Center	1,328,746	-	-	-	-	-	-	1,328,746
New York City Rescue Mission	-	-	-	-	3,701,270	-	-	3,701,270
Goodwill Rescue Mission	-	-	-	-	-	240,461	-	240,461
Total program services	<u>17,250,931</u>	<u>-</u>	<u>-</u>	<u>103,782</u>	<u>3,701,270</u>	<u>240,461</u>	<u>(1,172,274)</u>	<u>20,124,170</u>
Supporting services:								
Management and general	1,287,297	-	-	-	103,623	21,233	-	1,412,153
Fundraising	6,697,930	-	-	-	493,313	70,100	(194,649)	7,066,694
Total supporting services	<u>7,985,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>596,936</u>	<u>91,333</u>	<u>(194,649)</u>	<u>8,478,847</u>
Total Expenses	<u>25,236,158</u>	<u>-</u>	<u>-</u>	<u>103,782</u>	<u>4,298,206</u>	<u>331,794</u>	<u>(1,366,923)</u>	<u>28,603,017</u>
Change in Net Assets Before Other Changes	<u>4,991,994</u>	<u>13,500</u>	<u>229,225</u>	<u>(103,782)</u>	<u>115,746</u>	<u>112,167</u>	<u>-</u>	<u>5,358,850</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, 2021  
(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
Other Changes in Net Assets:								
Realized and unrealized gain on investments	953,938	-	-	-	-	-	-	953,938
Change in liability for post-retirement benefits	22,264	-	-	21,019	-	-	-	43,283
Change in value of perpetual trusts	267,451	-	-	-	-	-	-	267,451
Total Other Changes in Net Assets	<u>1,243,653</u>	<u>-</u>	<u>-</u>	<u>21,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,264,672</u>
Change in Net Assets	6,235,647	13,500	229,225	(82,763)	115,746	112,167	-	6,623,522
Net Assets, Beginning of Year	28,845,978	153,013	(319,462)	804,205	22,168,629	2,039,005	-	53,691,368
Net Assets, End of Year	<u>\$35,081,625</u>	<u>\$ 166,513</u>	<u>\$ (90,237)</u>	<u>\$ 721,442</u>	<u>\$22,284,375</u>	<u>\$ 2,151,172</u>	<u>\$ -</u>	<u>\$60,314,890</u>

See independent auditors' report on supplementary information

## CHRISTIAN HERALD ASSOCIATION, INC. AND SUBSIDIARIES

### Consolidating and Combining Schedule of Change in Net Assets

Year Ended September 30, 2020

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
SUPPORT AND REVENUE:								
Support:								
Contributions and grants	\$20,446,656	\$ -	\$ 85,268	\$ -	\$ 3,951,500	\$ 1,633,219	\$ (2,062,489)	\$24,054,154
Special events-net (Note 11)	1,426,960	-	-	-	-	-	-	1,426,960
Gifts-in-kind	7,753,835	-	-	-	779,235	173,952	-	8,707,022
Volunteer services	108,197	-	-	-	-	-	-	108,197
Total support	29,735,648	-	85,268	-	4,730,735	1,807,171	(2,062,489)	34,296,333
Revenue:								
Dividends and interest (net of fees)	123,621	-	-	-	-	(172)	-	123,449
Retreat center, camp fees and after school program	191,611	-	-	-	-	-	-	191,611
Other income (loss)	54,476	12,000	-	-	317,549	15,291	(311,658)	87,658
Total revenue	369,708	12,000	-	-	317,549	15,119	(311,658)	402,718
Total Support and Revenue	30,105,356	12,000	85,268	-	5,048,284	1,822,290	(2,374,147)	34,699,051

(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, 2020  
(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
EXPENSES:								
Program services:								
The Bowery Mission and Women's Center	18,884,252	-	-	105,271	-	-	(2,230,318)	16,759,205
Mont Lawn Summer and City Camps and Retreat Center	1,333,756	-	-	-	-	-	-	1,333,756
New York City Rescue Mission	-	-	-	-	3,161,891	-	-	3,161,891
Goodwill Rescue Mission	-	-	-	-	-	828,294	-	828,294
Total program services	20,218,008	-	-	105,271	3,161,891	828,294	(2,230,318)	22,083,146
Supporting services:								
Management and general	1,439,011	-	199	189,680	190,387	58,939	-	1,878,216
Fundraising	5,211,851	-	-	-	740,099	307,224	(143,829)	6,115,345
Total supporting services	6,650,862	-	199	189,680	930,486	366,163	(143,829)	7,993,561
Total Expenses	26,868,870	-	199	294,951	4,092,377	1,194,457	(2,374,147)	30,076,707
Change in Net Assets Before Other Changes	3,236,486	12,000	85,069	(294,951)	955,907	627,833	-	4,622,344

(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, 2020  
(continued)

	CHA	Heartsease	Foundation	CHHDFC	NYCRM	GRM	Elimination Entry	Totals
Other Changes in Net Assets:								
Realized and unrealized gain on investments	105,717	-	-	-	-	-	-	105,717
Change in liability for post-retirement benefits	118,010	-	-	(143,377)	-	-	-	(25,367)
Change in value of perpetual trusts	8,039	-	-	-	-	-	-	8,039
Total Other Changes in Net Assets	<u>231,766</u>	<u>-</u>	<u>-</u>	<u>(143,377)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,389</u>
Change in Net Assets	3,468,252	12,000	85,069	(438,328)	955,907	627,833	-	4,710,733
Net Assets, Beginning of Year	<u>25,377,726</u>	<u>141,013</u>	<u>(404,531)</u>	<u>1,242,533</u>	<u>21,212,722</u>	<u>1,411,172</u>	<u>-</u>	<u>48,980,635</u>
Net Assets, End of Year	<u>\$28,845,978</u>	<u>\$ 153,013</u>	<u>\$ (319,462)</u>	<u>\$ 804,205</u>	<u>\$22,168,629</u>	<u>\$ 2,039,005</u>	<u>\$ -</u>	<u>\$53,691,368</u>

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