

CITY MISSION OF SCHENECTADY

FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

CITY MISSION OF SCHENECTADY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
City Mission of Schenectady
Schenectady, New York

We have audited the accompanying financial statements of the City Mission of Schenectady (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City Mission of Schenectady as of December 31, 2015 and 2014, 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.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 25, 2016

CITY MISSION OF SCHENECTADY

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets		
Cash, Operating and Board Committed	\$ 439,375	\$ 405,096
Accounts and Legacies Receivable	612,999	256,557
Investments	486,313	465,534
Supplies and Inventory	36,000	33,000
Prepaid Expenses	13,473	29,954
Total Current Assets	<u>1,588,160</u>	<u>1,190,141</u>
Property, Plant and Equipment, Net	<u>6,152,222</u>	<u>6,351,560</u>
Other Assets		
Cash Designated for Future Ministries	790,032	851,523
Restricted Cash	417,997	247,009
Restricted Investments	644,698	646,805
Security Deposits	2,150	-
Total Other Assets	<u>1,854,877</u>	<u>1,745,337</u>
	<u>\$ 9,595,259</u>	<u>\$ 9,287,038</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Current Portion of Long-Term Debt	\$ 35,063	\$ 29,255
Accounts Payable	51,943	25,455
Sales Tax Payable	1,691	1,418
Accrued Payroll	38,237	25,184
Deposits Payable	5,551	5,651
Compensated Absences	155,475	126,196
Total Current Liabilities	<u>287,960</u>	<u>213,159</u>
Long-Term Liabilities		
Long-Term Debt, Net of Current Portion	<u>316,785</u>	<u>379,805</u>
Total Liabilities	<u>604,745</u>	<u>592,964</u>
Net Assets		
Unrestricted:		
General Operating	6,218,809	6,504,543
Designated for Future Ministries	1,709,010	1,295,717
Total Unrestricted	<u>7,927,819</u>	<u>7,800,260</u>
Temporarily Restricted	529,362	360,481
Permanently Restricted	<u>533,333</u>	<u>533,333</u>
Total Net Assets	<u>8,990,514</u>	<u>8,694,074</u>
	<u>\$ 9,595,259</u>	<u>\$ 9,287,038</u>

CITY MISSION OF SCHENECTADY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Changes in Unrestricted Net Assets		
Support, Revenue and Reclassifications		
Contributions	\$ 3,321,381	\$ 2,842,994
Special Events	187,979	186,297
Store Sales	319,706	278,356
Salvage Sales	159,861	229,257
Transitional Housing Fees	121,809	96,781
Bridges Training Fees	18,977	65,437
Program Service Contracts	295,456	161,716
In-Kind Donations	156,610	155,210
Investment Income, Net of Fees	23,668	46,132
Miscellaneous	15,999	14,441
Realized Gain on Investments	127,198	37,241
Unrealized Loss on Investments	(161,128)	(5,947)
Loss on Disposal of Assets	(2,456)	-
Net Assets Released from Restrictions	<u>579,830</u>	<u>241,370</u>
Total Support, Revenue and Reclassifications	<u>5,164,890</u>	<u>4,349,285</u>
Expenses		
Program Services		
Community Outreach	310,027	341,863
Educational and Career	949,466	556,589
Food Services	597,890	543,017
Residential Services	1,303,265	1,286,240
Social Enterprise	517,040	436,854
Transitional Housing	90,206	92,854
Other Program	<u>222,844</u>	<u>197,225</u>
Total Program Services	3,990,738	3,454,642
General and Administrative	569,798	430,957
Development	<u>476,795</u>	<u>384,740</u>
Total Expenses	<u>5,037,331</u>	<u>4,270,339</u>
Increase in Unrestricted Net Assets	<u>127,559</u>	<u>78,946</u>
Changes in Temporarily Restricted Net Assets		
Restricted Contributions	748,711	462,297
Net Assets Released from Restrictions	<u>(579,830)</u>	<u>(241,370)</u>
Increase in Temporarily Restricted Net Assets	<u>168,881</u>	<u>220,927</u>
Changes in Permanently Restricted Net Assets		
Restricted Contributions	<u>-</u>	<u>133,333</u>
Increase in Total Net Assets	296,440	433,206
Net Assets, Beginning of Year	<u>8,694,074</u>	<u>8,260,868</u>
Net Assets, End of Year	<u>\$ 8,990,514</u>	<u>\$ 8,694,074</u>

CITY MISSION OF SCHENECTADY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Change in Total Net Assets	\$ 296,440	\$ 433,206
Adjustments to Reconcile Change in Total Net Assets to Net Cash Flow Provided By (Used In) Operating Activities:		
Dividends and Interest Reinvested	(20,987)	(42,940)
Investment Donations	(45,604)	(227,890)
Realized Gain on Investments	(127,198)	(37,241)
Unrealized Loss on Investments	161,128	5,947
Loss on Disposal of Assets	2,456	-
Depreciation	292,563	297,872
Changes in Operating Assets and Liabilities		
(Increase) Decrease in:		
Accounts and Legacies Receivable	(356,442)	(52,245)
Supplies and Inventory	(3,000)	(3,000)
Prepaid Expenses	16,481	(8,691)
Security Deposits	(2,150)	-
Increase (Decrease) in:		
Accounts Payable	26,488	(73,060)
Sales Tax Payable	273	134
Accrued Payroll	13,053	(59,800)
Deposits Payable	(100)	2,575
Compensated Absences	<u>29,279</u>	<u>4,679</u>
Net Cash Flow Provided By Operating Activities	<u>282,680</u>	<u>239,546</u>
Cash Flow Provided By (Used In) Investing Activities		
Acquisition of Property, Plant and Equipment	(95,681)	(195,113)
Proceeds from Investment Sales and Maturities	529,054	93,884
Purchase of Investments	<u>(515,065)</u>	<u>(405,665)</u>
Net Cash Flow Used In Investing Activities	<u>(81,692)</u>	<u>(506,894)</u>
Cash Flow Used In Financing Activities		
Payments on Long-term Debt	<u>(57,212)</u>	<u>(205,835)</u>
Increase (Decrease) in Cash	143,776	(473,183)
Cash and Cash Restricted, Beginning of Year	<u>1,503,628</u>	<u>1,976,811</u>
Cash and Cash Restricted, End of Year	<u>\$ 1,647,404</u>	<u>\$ 1,503,628</u>
Supplemental Disclosure of Cash Flow Information:		
Interest Paid	<u>\$ 15,373</u>	<u>\$ 19,250</u>

CITY MISSION OF SCHENECTADY
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Community Outreach</u>	<u>Educational and Career</u>	<u>Food Services</u>	<u>Residential Services</u>	<u>Social Enterprise</u>	<u>Transitional Housing</u>	<u>Other Program Related</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Development</u>	<u>Total All Services</u>
Salaries and Benefits	\$ 184,164	\$ 479,240	\$ 161,410	\$ 964,502	\$ 344,139	\$ -	\$ 187,492	\$ 2,320,947	\$ 478,700	\$ 118,259	\$ 2,917,906
Benevolence and Assistance	69,560	250,329	-	48,416	-	-	1,125	369,430	-	-	369,430
Services Purchased	2,456	81,093	614	15,096	26,183	-	13,007	138,449	20,609	34,459	193,517
Travel, Education, Fees and Dues	4,625	25,482	521	6,305	6,156	-	2,449	45,538	6,231	1,084	52,853
Program Supplies and Inventory	5,019	20,254	11,529	43,035	14,309	112	6,962	101,220	1,322	888	103,430
Services and Equipment	2,943	5,929	8,217	11,031	16,589	-	499	45,208	4,921	226,038	276,167
Food	28,109	408	312,506	5,035	13	-	6	346,077	96	-	346,173
Occupancy	9,034	17,454	53,045	72,111	41,712	40,018	3,620	236,994	10,376	10	247,380
Office	2,068	10,520	3,615	14,641	29,777	4,236	1,445	66,302	34,748	17,785	118,835
Vehicles	128	3,054	1,885	2,618	6,374	-	1,830	15,889	-	-	15,889
Special Events and Projects	-	1,826	-	-	-	-	-	1,826	-	76,780	78,606
Public Relations	250	950	-	37	-	-	317	1,554	84	1,289	2,927
Interest	-	15,373	-	-	-	-	-	15,373	-	-	15,373
Other	-	-	-	3,397	345	-	-	3,742	2,540	-	6,282
Depreciation	1,671	37,554	44,548	117,041	31,443	45,840	4,092	282,189	10,171	203	292,563
	<u>\$ 310,027</u>	<u>\$ 949,466</u>	<u>\$ 597,890</u>	<u>\$ 1,303,265</u>	<u>\$ 517,040</u>	<u>\$ 90,206</u>	<u>\$ 222,844</u>	<u>\$ 3,990,738</u>	<u>\$ 569,798</u>	<u>\$ 476,795</u>	<u>\$ 5,037,331</u>

CITY MISSION OF SCHENECTADY
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Community Outreach</u>	<u>Educational and Career</u>	<u>Food Services</u>	<u>Residential Services</u>	<u>Social Enterprise</u>	<u>Transitional Housing</u>	<u>Other Program Related</u>	<u>Total Program</u>	<u>General and Administrative</u>	<u>Development</u>	<u>Total All Services</u>
Salaries and Benefits	\$ 181,102	\$ 218,663	\$ 177,111	\$ 912,654	\$ 281,712	\$ -	\$ 178,855	\$ 1,950,097	\$ 356,187	\$ 126,877	\$ 2,433,161
Benevolence and Assistance	93,663	20,168	-	50,031	-	-	-	163,862	-	-	163,862
Services Purchased	3,110	129,841	634	17,936	37,462	-	1,337	190,320	19,781	12,121	222,222
Travel, Education, Fees and Dues	4,716	80,013	686	11,619	10,369	-	4,802	112,205	1,285	999	114,489
Program Supplies and Inventory	11,549	30,282	11,647	53,141	9,431	1,938	3,533	121,521	1,037	442	123,000
Services and Equipment	1,723	2,092	2,893	9,893	11,605	-	842	29,048	1,083	165,847	195,978
Food	32,323	187	240,361	6,646	-	-	-	279,517	-	-	279,517
Occupancy	9,909	12,654	59,718	80,657	38,193	40,738	2,620	244,489	7,176	3	251,668
Office	1,403	6,631	2,207	12,969	12,645	3,664	992	40,511	28,240	17,508	86,259
Vehicles	449	-	2,110	2,768	7,116	-	513	12,956	-	-	12,956
Special Events and Projects	-	1,850	-	-	-	-	-	1,850	-	60,597	62,447
Public Relations	45	1,135	-	746	-	-	307	2,233	544	88	2,865
Interest	-	19,250	-	-	-	-	-	19,250	-	-	19,250
Other	33	-	-	4,283	-	-	-	4,316	422	55	4,793
Depreciation	1,838	33,823	45,650	122,897	28,321	46,514	3,424	282,467	15,202	203	297,872
	<u>\$ 341,863</u>	<u>\$ 556,589</u>	<u>\$ 543,017</u>	<u>\$ 1,286,240</u>	<u>\$ 436,854</u>	<u>\$ 92,854</u>	<u>\$ 197,225</u>	<u>\$ 3,454,642</u>	<u>\$ 430,957</u>	<u>\$ 384,740</u>	<u>\$ 4,270,339</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The City Mission of Schenectady (the "Mission") was incorporated in 1906 as a non-profit organization under the Religious Corporation Law of the State of New York. The Mission was formed "to maintain and conduct such mission work and shall present and preach the Gospel of Jesus Christ to any who shall need it and especially to such as are not reached by the regular church organizations; provided always that this organization shall not take on a sectarian or denominational character."

Basis of Accounting and Reporting

The Mission adopted the accounting treatment prescribed by the *Financial Accounting Standards Board ASC, Accounting for Contributions Received and Contributions Made, and Financial Statements of Not-for-Profit Organizations*. In accordance with the ASC, contributions received are recorded as unrestricted support depending on the existence and/or nature of any donor restrictions.

Receivables

The Mission utilizes the allowance method to determine the allowance for doubtful accounts. At December 31, 2015 and 2014 management determined no allowance was necessary based upon their review of the specific receivables and prior history.

Conditional and Unconditional Promises to Give

The Mission did not have any conditional or unconditional promises to give at December 31, 2015 and 2014.

Supplies and Inventory

Supplies and inventory reflected in the statements of financial position represent office and store supplies purchased by the Mission and are valued at the lower of cost or market. The Mission's supplies and inventory valuation also includes an estimate of value for the clothing, furniture and materials donated to the Mission for resale.

Property, Plant, Equipment and Depreciation

Property, plant and equipment are reflected at cost, with depreciation provided on a straight-line basis over estimated useful lives of five to forty years. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. The Mission's capitalization policy uses a threshold of \$1,000.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Full and part-time employees accrue vacation leave for use after completing one year of employment. Vacation time is earned and accrued each pay period. Accrued leave was \$155,475 and \$126,196 at December 31, 2015 and 2014, respectively.

Designated Net Assets

The Board has designated funds for future ministries.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and reported as an increase in net assets. The Mission reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Mission reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets 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 long-lived assets, are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Mission reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting

Donated Services, Goods and Facilities

A number of volunteers have donated time to the Mission's program services and fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services did not meet the reporting requirement of the ASC. The Mission estimated that it received approximately 51,924 and 32,555 volunteer hours for the years ended December 31, 2015 and 2014, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs benefitted. Salaries are allocated based on estimates of total time spent, while other expenses are allocated based on estimates of the resources used, with percentages ranging from 5% to 100%.

Tax-Exempt Status

The Mission is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been designated a publicly supported organization which is not a private foundation under Section 509(a) of the Code. Accordingly, no provision for income taxes has been made in these financial statements.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Fair Value Measurements

The ASC requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that the Mission would receive upon selling an asset or pay to transfer a liability in an orderly transaction between market participants. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to measurements involving unobservable inputs (Level 3 measurements).

Accounting for Uncertainty in Income Taxes

The Mission implemented the ASC *Accounting for Income Taxes* and its current accounting policy for evaluating uncertain tax positions is in accordance with generally accepted accounting principles. The Mission has not recognized any benefits or liabilities from uncertain tax positions in 2015 and believes it has no uncertain tax positions for which are reasonably possible that the total amounts of unrecognized tax benefits or liabilities will significantly increase or decrease net assets within 12 months of the balance sheet date of December 31, 2015.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for Uncertainty in Income Taxes (Continued)

Form 990 tax returns filed by the Mission are subject to examination by the IRS up to three years after the extended due date of each return. Form 990 tax filings for the Mission are no longer subject to examination for the fiscal years ended December 31, 2011 and prior.

Reclassification

Certain 2014 amounts have been reclassified to conform to the 2015 presentation.

Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through April 25, 2016, the date the financial statements were available to be issued. No such events or transactions were identified.

2. CONCENTRATION OF CREDIT RISK

The Mission has concentrated its credit risk for cash by maintaining deposits in banks located within the same geographic region and the same bank. The maximum loss that would have resulted from this risk totaled approximately \$459,000 and \$421,000 at December 31, 2015 and 2014, respectively. This amount represents the excess of deposit liabilities reported by the banks over the amounts that would have been covered by Federal insurance. The Mission does not have any collateral available to them from the bank. The Mission minimizes this risk by maintaining deposit relationships with quality financial institutions.

3. ACCOUNTS AND LEGACIES RECEIVABLE

Accounts and legacies receivable consist of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
General Electric "More Gifts/More Givers"	\$ 80,922	\$ 114,487
Proctors Theatre	11,859	10,661
Tri-Star	7,778	6,771
Estate of Catherine Bouton	400,000	-
Estate of June Johnson	65,037	65,037
Schenectady Community College	-	11,133
Les Produits	-	10,278
Estate of David Winne	-	15,740
Schenectady County Metroplex	7,245	-
Ellis Medicine	6,500	-
Miscellaneous	33,658	22,450
Total Accounts and Legacies Receivable	<u>\$ 612,999</u>	<u>\$ 256,557</u>

4. INVESTMENTS

The Mission's investments at December 31, 2015 and 2014 are valued at market prices and consist of equity based mutual fund investments. The Mission intends to hold some of these funds short-term; accordingly, these amounts have been reflected as current in these financial statements. The mission also intends to hold some of these funds long-term for temporarily and permanently restricted purposes as indicated in Note 6; accordingly, these amounts have been reflected as noncurrent in these financial statements.

Investment fees totaled \$8,654 and \$5,358 for the years ended December 31, 2015 and 2014, respectively.

Investments are summarized as follows:

	2015			2014		
	<u>Cost</u>	<u>Market</u>	<u>Unrealized Depreciation</u>	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation</u>
Mutual Funds - Equity Based	<u>\$ 1,154,606</u>	<u>\$ 1,131,011</u>	<u>\$ (23,595)</u>	<u>\$ 974,805</u>	<u>\$ 1,112,339</u>	<u>\$ 137,534</u>

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Land, Building and Improvements	\$ 8,720,248	\$ 8,558,482
Furniture and Fixtures	629,970	624,555
Vehicles	123,135	98,361
Pavilion	17,684	17,684
Construction in Progress	-	111,812
Total	<u>9,491,037</u>	<u>9,410,894</u>
Less: Accumulated Depreciation	<u>(3,338,815)</u>	<u>(3,059,334)</u>
	<u>\$ 6,152,222</u>	<u>\$ 6,351,560</u>

6. RESTRICTED NET ASSETS

Temporarily restricted net assets represent amounts received and restricted by donors for the following specific purposes. When the restriction has been met, the amounts will be released from temporarily restricted net assets and reclassified to unrestricted. A summary as of December 31, 2015 and 2014 follows:

	<u>2015</u>	<u>2014</u>
Temporarily Restricted:		
Contributions restricted to:		
Community Outreach Ten Eyck Program	\$ 674	\$ 674
Back to School Program	401	-
Share Our Strength	900	-
Women's Retreat Fund	62	140
Fidelity Investments	1,368	1,441
Family Life Center Books	1,235	1,235
Family Life Center Activities	624	924
Academic Scholarships	841	4,267
Transformation Program	27,348	17,348
Medical Clinic	176	334
Vanderhoef Scholarship Fund	17,564	20,000
Operation Warm and Safe	7,096	9,065
ASPIRE Program	20,463	20,463
Jay Street Fire Victims	500	-
United Methodist Church	20,625	-
Ambassador Program	301	-
Schenectady Bridges Program	-	941
Toys	2,259	2,264
Chapel and Career Training Center	3,613	4,629
Solar Panels	11,445	11,445
Men's Shelter Renovations	1,982	1,982
Weekend Blessings	39,281	3,709
Child Enrichment Program	3,154	7,548
Capital Expansion	2,881	2,881
Executive Director's Discretionary Fund	2,635	5,948
Adult Education Fund	109,997	112,031
IT Upgrades	454	823
Drive to Success	2,820	1,604
Growing Getting Ahead	1,915	7,859
Schenectady Bridges Transformational Movement	83,842	45,926
The Shirley Ginns Memorial Scholarship	49,817	50,000
Schenectady Works	96,589	25,000
Transitional Housing Building	11,000	-
Dining Center Equipment	5,500	-
	<u>\$ 529,362</u>	<u>\$ 360,481</u>

6. RESTRICTED NET ASSETS (CONTINUED)

Permanently restricted net assets represent amounts received and restricted by donors for specific purposes. The principal amount cannot be expended, however any investment income earned from these assets can be expended. A summary as of December 31, 2015 and 2014 follows:

	<u>2015</u>	<u>2014</u>
Permanently Restricted:		
Legacy	<u>\$ 533,333</u>	<u>\$ 533,333</u>

7. LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Mortgage payable to bank in monthly installments of \$3,757 with interest at 4.0% until October 2018 when the remaining principal balance will be amortized over 60 months with payments based on a 15 year amortization schedule. This mortgage is collateralized by real estate at 425 Hamilton Street.	\$ 351,848	\$ 409,060
Less: Current Portion	<u>35,063</u>	<u>29,255</u>
Long-Term Portion	<u>\$ 316,785</u>	<u>\$ 379,805</u>

Scheduled maturities of long-term debt are as follows:

2016	\$ 35,063
2017	37,190
2018	38,706
2019	40,283
2020	41,924
2021 and Thereafter	<u>158,682</u>
	<u>\$ 351,848</u>

8. PENSION PLAN

The Board of Directors of the Mission has adopted a simplified employee pension plan for all eligible participants who meet certain requirements. Contributions to the plan are determined annually by the Board of Directors at their discretion. During 2015 and 2014, contributions made to eligible employees amounted to 5.0% of qualifying wages, or \$73,875 and \$66,812, respectively.

9. OPERATING LEASE

The Mission leased office space under a lease effective October 1, 2015 expiring September 30, 2016 with an option to lease for an additional two years. Rent expense incurred was \$6,450 for the year ended December 31, 2015 and is included in occupancy expense on the statement of functional expenses. Should the Mission exercise the option to lease for the extended time, the rent payments under the required terms are as follows:

2016	\$ 26,250
2017	28,050
2018	<u>22,050</u>
	<u>\$ 76,350</u>

10. COMMITMENTS AND CONTINGENCIES

During 2015, the Mission had several outstanding bequests and, due to the involved administration process, final distribution and closeout did not occur by the end of the year. However, the amounts in question are considered by management to be immaterial and will not be recorded in the statement of activities until the year of actual receipt.

11. RELATED PARTY TRANSACTIONS

The Mission's executive director serves on the Board of Directors of an investment company that manages investment funds of the Mission and the executive director is paid a fee for these services. Additionally, as outlined in the Mission's Policy Guidelines, any party serving as a board member or staff member of a current or prospective external agent must recuse themselves from any investment discussion or deliberation in accordance with the Mission's conflict of interest policy.