

*CITY MISSION OF SCHENECTADY*

*FINANCIAL STATEMENTS*

*SEPTEMBER 30, 2020 AND 2019*

*CITY MISSION OF SCHENECTADY*

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*SEPTEMBER 30, 2020 AND 2019*

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**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
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 September 30, 2020 and 2019, 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 September 30, 2020 and 2019, 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  
January 22, 2021

**CITY MISSION OF SCHENECTADY**

## STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2020 AND 2019

**ASSETS**

	<b><u>2020</u></b>	<b><u>2019</u></b>
Current Assets		
Cash, Operating and Designated	\$ 4,483,039	\$ 2,861,428
Accounts and Legacies Receivable	552,048	605,264
Investments	1,074,600	1,014,167
Inventory	51,000	48,000
Prepaid Expenses	68,249	85,001
Total Current Assets	<u>6,228,936</u>	<u>4,613,860</u>
Property, Plant and Equipment, Net	<u>7,784,697</u>	<u>7,240,162</u>
Other Assets		
Cash with Donor Restrictions	337,792	674,913
Investments with Donor Restrictions	672,565	680,187
Donor Advised Fund	912,285	912,285
Total Other Assets	<u>1,922,642</u>	<u>2,267,385</u>
Total Assets	<u>\$ 15,936,275</u>	<u>\$ 14,121,407</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities		
Current Portion of Long-Term Debt	\$ -	\$ 89,931
Accounts Payable	114,236	151,748
Accrued Payroll and Other Accrued Expenses	152,007	137,069
Compensated Absences	134,371	125,745
Deferred Revenue	2,000	12,517
Total Current Liabilities	<u>402,614</u>	<u>517,010</u>
Net Assets		
Without Donor Restrictions:		
Designated by the Board for Future Ministries	3,276,359	2,961,081
Donor Advised Fund	912,285	912,285
Undesignated	10,334,660	8,375,931
Total Net Assets without Donor Restrictions	<u>14,523,304</u>	<u>12,249,297</u>
With Donor Restrictions:		
Purpose Restricted	369,274	716,301
Perpetual in Nature	641,083	638,799
Total Net Assets with Donor Restrictions	<u>1,010,357</u>	<u>1,355,100</u>
Total Net Assets	<u>15,533,661</u>	<u>13,604,397</u>
Total Liabilities and Net Assets	<u>\$ 15,936,275</u>	<u>\$ 14,121,407</u>

**CITY MISSION OF SCHENECTADY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support, Revenue and Reclassifications			
Contributions	\$ 4,343,788	\$ 566,664	\$ 4,910,452
Special Events	63,393	-	63,393
Store Sales	219,503	-	219,503
Salvage Sales	248,897	-	248,897
Program Fees	95,162	-	95,162
Program Service Contracts	958,963	-	958,963
In-Kind Donations	242,139	-	242,139
Investment Returns, Net	68,048	-	68,048
Miscellaneous Revenue	5,654	-	5,654
Loss on Disposal of Assets	(9,801)	-	(9,801)
Payroll Protection Program Forgiveness Income	710,372	-	710,372
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>911,407</u>	<u>(911,407)</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>7,857,525</u>	<u>(344,743)</u>	<u>7,512,782</u>
Expenses			
Program Services			
Community Outreach	234,603	-	234,603
Educational and Career	576,141	-	576,141
Food Services	665,314	-	665,314
Empower Health	233,757	-	233,757
Residential Services	1,585,363	-	1,585,363
Social Enterprise	549,540	-	549,540
Community Development Housing	212,426	-	212,426
Other Program Related	<u>366,349</u>	<u>-</u>	<u>366,349</u>
Total Program Services	4,423,493	-	4,423,493
General and Administrative Development	619,687	-	619,687
	<u>540,338</u>	<u>-</u>	<u>540,338</u>
Total Expenses	<u>5,583,518</u>	<u>-</u>	<u>5,583,518</u>
Increase in Net Assets	2,274,007	(344,743)	1,929,264
Net Assets, Beginning of Year	<u>12,249,297</u>	<u>1,355,100</u>	<u>13,604,397</u>
Net Assets, End of Year	<u>\$ 14,523,304</u>	<u>\$ 1,010,357</u>	<u>\$ 15,533,661</u>

**CITY MISSION OF SCHENECTADY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support, Revenue and Reclassifications			
Contributions	\$ 3,205,735	\$ 2,342,452	\$ 5,548,187
Special Events	234,979	-	234,979
Store Sales	243,796	-	243,796
Salvage Sales	257,623	-	257,623
Program Fees	135,208	-	135,208
Program Service Contracts	1,187,633	-	1,187,633
In-Kind Donations	202,415	-	202,415
Investment Returns, Net	96,192	(96)	96,096
Miscellaneous Revenue	10,983	-	10,983
Loss on Disposal of Assets	(2,555)	-	(2,555)
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>2,031,128</u>	<u>(2,031,128)</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>7,603,137</u>	<u>311,228</u>	<u>7,914,365</u>
Expenses			
Program Services			
Community Outreach	402,820	-	402,820
Educational and Career	959,636	-	959,636
Food Services	633,526	-	633,526
Empower Health	362,266	-	362,266
Residential Services	1,496,489	-	1,496,489
Social Enterprise	500,558	-	500,558
Community Development Housing	138,219	-	138,219
Other Program Related	<u>315,561</u>	<u>-</u>	<u>315,561</u>
Total Program Services	4,809,075	-	4,809,075
General and Administrative Development	<u>576,387</u> <u>546,046</u>	<u>-</u> <u>-</u>	<u>576,387</u> <u>546,046</u>
Total Expenses	<u>5,931,508</u>	<u>-</u>	<u>5,931,508</u>
Increase in Net Assets	1,671,629	311,228	1,982,857
Net Assets, Beginning of Year	<u>10,577,668</u>	<u>1,043,872</u>	<u>11,621,540</u>
Net Assets, End of Year	<u>\$ 12,249,297</u>	<u>\$ 1,355,100</u>	<u>\$ 13,604,397</u>

**CITY MISSION OF SCHENECTADY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Change in Net Assets	\$ 1,929,264	\$ 1,982,857
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Dividends and Interest Reinvested	(33,556)	(41,456)
Investment Donations	(154,523)	(110,105)
Realized (Gain) Loss on Investments	(2,928)	350
Unrealized Gain on Investments	(28,831)	(35,128)
Loss on Disposal of Assets	9,801	2,555
Depreciation	344,447	308,536
Bad Debt Expense	-	32,959
Changes in Operating Assets and Liabilities		
(Increase) Decrease in:		
Accounts and Legacies Receivable	53,216	16,959
Inventory	(3,000)	(3,000)
Prepaid Expenses	16,752	(21,482)
Security Deposits	-	2,150
Increase (Decrease) in:		
Accounts Payable	(37,512)	68,615
Accrued Payroll and Other Accrued Expenses	14,938	7,855
Compensated Absences	8,626	(7,682)
Deferred Revenue	<u>(10,517)</u>	<u>(29,743)</u>
Net Cash Flow Provided By Operating Activities	<u>2,106,177</u>	<u>2,174,240</u>
Cash Flow Provided By (Used In) Investing Activities		
Acquisition of Property, Plant and Equipment	(898,783)	(1,608,573)
Proceeds from Investment Sales and Maturities	622,074	741,825
Purchase of Investments	<u>(455,047)</u>	<u>(693,390)</u>
Net Cash Flow Used In Investing Activities	<u>(731,756)</u>	<u>(1,560,138)</u>
Cash Flow Provided By (Used In) Financing Activities		
Payments on Long-Term Debt	<u>(89,931)</u>	<u>(490,372)</u>
Net Cash Flow Used In Financing Activities	<u>(89,931)</u>	<u>(490,372)</u>
Increase in Cash	1,284,490	123,730
Cash and Cash Restricted, Beginning of Year	<u>3,536,341</u>	<u>3,412,611</u>
Cash and Cash Restricted, End of Year	<u>\$ 4,820,831</u>	<u>\$ 3,536,341</u>
Supplemental Disclosure of Cash Flow Information:		
Interest Paid	<u>\$ 1,138</u>	<u>\$ 8,719</u>



**CITY MISSION OF SCHENECTADY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Community Outreach</u>	<u>Educational and Career</u>	<u>Food Services</u>	<u>Empower Health</u>	<u>Residential Services</u>	<u>Social Enterprise</u>	<u>Community Development 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	\$ 94,628	\$ 449,132	\$ 328,299	\$ 187,905	\$ 1,196,123	\$ 423,639	\$ 74,975	\$ 294,684	\$ 3,049,385	\$ 506,319	\$ 138,260	\$ 3,693,964
Benevolence and Assistance	116,796	32,500	-	2,796	29,971	2,264	1,998	-	186,325	-	902	187,227
Services Purchased	421	9,450	-	22,800	23,800	-	-	-	56,471	17,243	202,907	276,621
Advertising and Fundraising	500	-	241	-	311	-	-	1,110	2,162	456	126,687	129,305
Office	1,464	2,324	343	825	5,764	4,610	741	1,134	17,205	37,856	31,814	86,875
Information Technology	2,176	11,482	2,011	10,042	21,154	7,249	144	6,319	60,577	12,736	1,909	75,222
Occupancy	5,385	22,151	49,135	1,951	100,282	30,244	72,042	11,275	292,465	15,786	7,450	315,701
Travel	163	4,926	87	749	404	29,322	-	11,826	47,477	139	234	47,850
Meetings, Trainings and Conferences	68	3,302	-	381	1,382	91	121	847	6,192	6,025	2,129	14,346
Insurance	919	2,303	2,312	713	5,013	4,763	310	4,433	20,766	5,996	547	27,309
Special Events	-	-	146	-	-	-	-	-	146	-	22,201	22,347
Food	-	-	225,623	-	6,233	92	-	-	231,948	43	2,749	234,740
Supplies	6,606	6,438	6,309	588	37,841	9,121	357	19,984	87,244	232	23	87,499
Equipment	-	3,612	8,955	36	9,202	7,809	1,273	5,162	36,049	2,184	1,832	40,065
Depreciation	5,477	28,521	41,853	4,971	147,883	30,336	60,465	9,575	329,081	14,672	694	344,447
	<u>\$ 234,603</u>	<u>\$ 576,141</u>	<u>\$ 665,314</u>	<u>\$ 233,757</u>	<u>\$ 1,585,363</u>	<u>\$ 549,540</u>	<u>\$ 212,426</u>	<u>\$ 366,349</u>	<u>\$ 4,423,493</u>	<u>\$ 619,687</u>	<u>\$ 540,338</u>	<u>\$ 5,583,518</u>

**CITY MISSION OF SCHENECTADY**  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Community Outreach</u>	<u>Educational and Career</u>	<u>Food Services</u>	<u>Empower Health</u>	<u>Residential Services</u>	<u>Social Enterprise</u>	<u>Community Development 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	\$ 186,416	\$ 716,898	\$ 218,367	\$ 316,730	\$ 1,103,560	\$ 366,231	\$ 38,407	\$ 267,450	\$ 3,214,059	\$ 465,002	\$ 116,933	\$ 3,795,994
Benevolence and Assistance	165,160	36,308	-	1,305	43,761	1,093	185	-	247,812	-	253	248,065
Services Purchased	598	66,872	375	7,898	28,822	432	1,048	-	106,045	27,894	117,815	251,754
Advertising and Fundraising	2,095	1,249	-	-	-	-	-	2,148	5,492	434	155,087	161,013
Office Information	303	21,564	89	4,178	3,107	3,716	-	440	33,397	39,115	27,347	99,859
Technology	2,295	17,463	2,033	12,329	19,558	6,921	-	6,323	66,922	7,529	3,344	77,795
Occupancy	14,875	25,446	42,889	7,702	92,405	25,058	56,214	8,898	273,487	14,914	174	288,575
Travel	1,420	17,653	36	3,625	1,028	29,668	-	7,317	60,747	1,523	1,209	63,479
Meetings, Trainings and Conferences	162	17,019	315	1,042	1,335	-	-	771	20,644	5,381	1,898	27,923
Insurance	1,105	3,114	1,116	648	2,990	4,631	61	3,768	17,433	3,079	268	20,780
Special Events	-	-	-	-	-	-	-	-	-	-	93,130	93,130
Food	15,042	389	308,034	67	7,442	203	-	-	331,177	-	-	331,177
Supplies	9,752	13,322	11,937	523	46,209	13,790	-	7,931	103,464	481	78	104,023
Equipment	2,175	826	4,739	104	8,270	5,399	-	462	21,975	3,689	782	26,446
Bad Debt Expense	-	750	-	5,175	-	-	-	-	5,925	-	27,034	32,959
Depreciation	1,422	20,763	43,596	940	138,002	43,416	42,304	10,053	300,496	7,346	694	308,536
	<u>\$ 402,820</u>	<u>\$ 959,636</u>	<u>\$ 633,526</u>	<u>\$ 362,266</u>	<u>\$ 1,496,489</u>	<u>\$ 500,558</u>	<u>\$ 138,219</u>	<u>\$ 315,561</u>	<u>\$ 4,809,075</u>	<u>\$ 576,387</u>	<u>\$ 546,046</u>	<u>\$ 5,931,508</u>

**CITY MISSION OF SCHENECTADY**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

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**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."

*Method of Accounting*

The financial statements of the Mission have been prepared on the accrual basis of accounting. The Mission adopted the accounting treatment prescribed by the FASB's Accounting Standards Codification (ASC).

*Cash*

For the purpose of the statements of cash flows, cash consists of all checking and money market accounts.

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

	<u>2020</u>	<u>2019</u>
Cash	\$ 4,483,039	\$ 2,861,428
Restricted cash for programs	<u>337,792</u>	<u>674,913</u>
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 4,820,831</u>	<u>\$ 3,536,341</u>

*Receivables*

The Mission utilizes the allowance method to determine the allowance for doubtful accounts. Management determined no allowance was necessary based upon their review of the specific receivables and prior history at September 30, 2020 and 2019.

*Conditional and Unconditional Promises to Give*

The Mission did not have any conditional or unconditional promises to give at September 30, 2020 and 2019.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Inventory*

Inventory reflected in the statement of financial position represents office and store supplies purchased by the Mission and is 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.

*Investments*

Marketable equity and debt securities are stated at fair value.

*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 three 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 \$5,000 for individual items or aggregate purchases considered to be capital assets exceeding \$5,000.

*Compensated Absences*

Full and part-time employees accrue vacation leave for use after completing six months of employment. Vacation time is earned and accrued each pay period. Accrued leave was \$134,371 and \$125,745 at September 30, 2020 and 2019, respectively.

*Deferred Revenue*

Deferred revenue primarily consists of program fees, success coach service fees, and special event revenue collected prior to September 30, 2020 and 2019. These are recognized as revenue as soon as the services are rendered or the event takes place.

*Net Assets*

Net assets of the Mission, and changes therein, are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of the Mission and/or the passage of time.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Revenue and Revenue Recognition*

Revenue is recognized when earned. Contributions are reported at fair value at the date the contribution is received. Contributions are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor/grantor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor imposed restrictions that are met in the same reporting period are shown as revenue without donor restrictions. Conditional contributions are not recognized until the conditions on which they depend have been substantially met.

Revenue on cost reimbursement grants and contracts is recognized to the extent actual expenditures have been incurred in compliance with the specific grant requirements. Other grant and contract revenue is recognized in the period earned if on a fee for services basis. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred.

Program service fees received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred.

*Revenue from Contracts with Customers*

Revenue from contracts with customers is recognized in accordance with a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when or as performance obligations are satisfied

Contract Assets

Amounts related to services provided to customers which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances consist primarily of services provided to customers who are still receiving services at the end of the year. There were no contract assets at September 30, 2020 and 2019.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Revenue from Contracts with Customers (Continued)*

Contract Liabilities

Contract liabilities represent future community development housing program fees, success coach service fees, and special event revenue collected in advance of services provided or the event taken place. Total contract liabilities at September 30, 2020 and 2019 were \$2,000 and \$12,517, respectively.

*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 20,100 and 38,000 volunteer hours for the years ended September 30, 2020 and 2019, respectively.

*Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated on a reasonable basis that is consistently applied among the programs benefitted. Salaries and benefits are allocated on the basis of estimates of time and effort; this methodology is also used for office expenditures that benefit multiple programs and may include professional fees, telephone, printing, maintenance costs, insurance, dues and publications and depreciation of equipment. Other costs such as occupancy, building maintenance and building depreciation are allocated on a square footage basis.

*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.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### *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 2020 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 September 30, 2020. 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 tax years 2017 and prior.

### *Reclassification*

Certain 2019 amounts have been reclassified to conform to 2020 financial statement presentation.

### *New Accounting Pronouncement*

#### ASU No. 2014-09

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Topic 606), as modified by ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, ASU 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net), ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, ASU 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients, and ASU 2016-20, Technical Corrections and Improvements to Topic 606: Revenue from Contracts with Customers. The revenue recognition principle in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, new and enhanced disclosures are required. The Organizations may adopt the new standard either using the full retrospective approach, a modified retrospective approach with practical expedients,

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*New Accounting Pronouncement (Continued)*

ASU No. 2014-09 (Continued)

or a cumulative effect upon the adoption approach. The Mission adopted the new standard on October 1, 2019, using the modified retrospective approach. The adoption of ASU 2014-09 did not have a material impact on the Mission’s financial statements and related disclosures.

*Subsequent Events*

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through January 22, 2021, the date the financial statements were available to be issued. There were two matters to disclose as follows:

*COVID-19*

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Association operates. On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Act* (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

In the State of New York, where the Mission operates, the Governor issued Executive Order 202.6, during March 2020, which limited concentrations of individuals outside of their homes to workers providing essential services. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Mission.



**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 \$3,143,721 and \$1,589,572 at September 30, 2020 and 2019, respectively. This amount represents the excess of deposits 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. The Mission continues to open accounts with new financial institutions to provide optimal risk minimalization and is exploring options to further mitigate this risk.

**3. ACCOUNTS AND LEGACIES RECEIVABLE**

Accounts and legacies receivable consist of the following for the years September 30, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
General Electric “More Gifts/More Givers”	\$ 8,225	\$ 23,674
Estate of Kenneth Lally	312,353	-
Estate of Phyllis E. Koney	-	114,053
Alliance for Better Healthcare	-	246,001
Schenectady County Metroplex	3,836	36,200
Schenectady ARC	16,389	-
Planet Gain, LLC	8,352	-
Proctor’s Theater	72,625	37,000
The Work Place	-	8,775
Healthy Alliance IPA, LLC	107,638	20,000
Bank and Vogue, Ltd.	7,934	37,072
CARES, Inc.	-	37,731
Miscellaneous	14,696	44,758
Total Accounts and Legacies Receivable	<u>\$ 552,048</u>	<u>\$ 605,264</u>

**4. INVESTMENTS**

The Mission's investments at September 30, 2020 and 2019 are valued at market prices and consist of primarily 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 restricted purposes as indicated in Note 8; accordingly, these amounts have been reflected as noncurrent in these financial statements.

Investments are summarized as follows:

	<b>2020</b>		
	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation</u>
Level 1 Measurement:			
Money Market	\$ 148,136	\$ 148,136	\$ -
Mutual Funds - Equity Based	693,052	740,636	47,584
Fixed Income	259,961	263,296	3,335
Equities	<u>417,145</u>	<u>595,097</u>	<u>177,952</u>
	1,518,294	1,747,165	228,871
Level 3 Measurement:			
Donor Advised Fund	<u>912,285</u>	<u>912,285</u>	<u>-</u>
	<u>\$ 2,430,579</u>	<u>\$ 2,659,450</u>	<u>\$ 228,871</u>
	<b>2019</b>		
	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation (Depreciation)</u>
Level 1 Measurement:			
Money Market	\$ 158,734	\$ 158,734	\$ -
Mutual Funds - Equity Based	570,677	613,552	42,875
Fixed Income	257,075	259,325	2,250
Equities	<u>485,545</u>	<u>662,743</u>	<u>177,198</u>
	1,472,031	1,694,354	222,323
Level 3 Measurement:			
Donor Advised Fund	<u>912,285</u>	<u>912,285</u>	<u>-</u>
	<u>\$ 2,384,316</u>	<u>\$ 2,606,639</u>	<u>\$ 222,323</u>

*Donor Advised Fund*

In December 2017, the Mission entered into a donor advised fund agreement with a related party in which the Mission was provided a 99% partnership interest in a Limited Liability Company appraised at \$912,285. The Mission owns, maintains and operates this fund and it is therefore considered unrestricted in these financial statements.

**4. INVESTMENTS (CONTINUED)**

*Investment Returns, Net*

Investment returns, net for the years ended September 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Interest on Cash	\$ 16,436	\$ 35,177
Interest and Dividend Income on Investments	33,556	41,456
Realized Gain (Loss) on Investments	2,928	(350)
Unrealized Holding Gain on Investments	28,831	35,128
Investment Fees	<u>(13,703)</u>	<u>(15,315)</u>
	<u>\$ 68,048</u>	<u>\$ 96,096</u>

**5. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment is comprised of the following at September 30, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Land and Improvements	\$ 690,774	\$ 673,062
Buildings and Improvements	10,175,435	8,731,186
Furniture, Fixtures, and Equipment	843,973	718,697
Leasehold Improvements	4,697	4,697
Construction in Progress	<u>80,887</u>	<u>817,323</u>
Total	11,795,766	10,944,965
Less: Accumulated Depreciation	<u>(4,011,069)</u>	<u>(3,704,803)</u>
	<u>\$ 7,784,697</u>	<u>\$ 7,240,162</u>

**6. LONG-TERM DEBT**

Long-term debt consists of the following at September 30, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Mortgage payable to bank in monthly installments of \$5,642 with interest at 3.41% through August 2025, collateralized by real estate. This mortgage was paid in full by September 2020.	\$ -	\$ 80,773
Promissory note payable to unrelated party in monthly installments of \$834 with no interest through September 2020, collateralized by equipment.	<u>-</u>	<u>9,158</u>
Total Long-Term Debt	-	89,931
Less: Current Portion	<u>-</u>	<u>89,931</u>
Long-Term Portion	<u>\$ -</u>	<u>\$ -</u>

**7. NET ASSETS DESIGNATED BY THE BOARD FOR FUTURE MINISTRIES**

The Board has designated funds for the following future ministries as of September 30, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Board Uncommitted Reserve	\$ 1,442,611	\$ 1,209,064
Board Strategic Reserve	741,070	685,374
Board Operating Reserve	421,000	421,000
Board Uncommitted Receivable	317,786	119,053
Board Committed Reserve		
Pension	10,000	10,000
Donor Acquisition	81,137	80,629
Bonuses	40,000	40,000
Development Director	-	200,000
Capital Campaign	41,041	41,041
Other	-	225
Board Designated Lally Estate Earnings	181,714	154,695
	<u>\$ 3,276,359</u>	<u>\$ 2,961,081</u>

**8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions represent amounts received and restricted by donors for the following specific purposes. When the restriction has been met, the amounts will be released from net assets with donor restrictions and reclassified to net assets without donor restrictions. A summary of net assets with donor restrictions as of September 30, 2020 and 2019 are as follows:

**CITY MISSION OF SCHENECTADY**  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2020 AND 2019

**8. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

	<u>2020</u>	<u>2019</u>
Purpose Restricted:		
<i>Food</i>		
Freight Farm	\$ 2,000	\$ -
<i>Mens and ARK Programs</i>		
Ministry to Young Men Under 21	-	450
Code Blue	-	10,030
Drug Court	322	322
<i>Family Life Center Programs</i>		
Books	-	401
Fletcher Estate	16,291	11,269
Easter Dresses	798	798
Art Mural	1,262	2,762
Women's Retreat	124	62
Other	7,663	7,663
<i>Residential Programs</i>		
Share Our Strength	900	900
Medical Clinic	7,017	-
<i>Outreach Programs</i>		
Back to School Boost	1,391	1,390
Toys	1,497	1,549
Academic Scholarships	76,454	96,988
Neighbor to Neighbor	-	6,261
Weekend Backpack	680	20,484
Step Up Moment Fitness Fund	500	500
<i>Other Programs</i>		
Schenectady Works	121,570	168,423
The Cornerstone Project	20,064	30,471
Executive Director's Discretionary	5,293	5,293
<i>Restricted for Assets and Projects</i>		
Capital Expansion and Equipment	105,448	350,285
Total Purpose Restricted	<u>369,274</u>	<u>716,301</u>
Perpetual in Nature:		
Restricted by Lally Estate	639,200	637,003
Restricted by Anonymous	<u>1,883</u>	<u>1,796</u>
Total Perpetual in Nature	<u>641,083</u>	<u>638,799</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,010,357</u>	<u>\$ 1,355,100</u>

**9. NET ASSETS RELEASED FROM RESTRICTIONS**

	<u>2020</u>	<u>2019</u>
Purpose Restrictions Accomplished for the Following:		
<i>Mens and ARK Programs</i>		
COVID-19	\$ 96,874	\$ -
Ministry to Young Men Under 21	978	1,836
Code Blue	10,030	-
<i>Family Life Center Programs</i>		
Books	401	834
Fletcher Estate	78,449	122,339
Easter Dresses	-	1,202
Child Enrichment Program	-	8,300
Art Mural	1,500	-
Women's Retreat	-	-
Medical Clinic	2,983	
<i>Outreach Programs</i>		
Back to School Boost	470	82
Toys	5,177	1,280
Academic Scholarships	20,540	19,126
Operation Warm and Safe	16	2,427
Ten Eyck Outreach	-	674
Neighbor to Neighbor	9,711	11,850
Weekend Backpack	29,188	39,832
Step Up Moment Fitness Fund	-	1,150
<i>Other Programs</i>		
Schenectady Works	106,126	134,888
The Cornerstone Project	12,511	9,287
Capital Expansion and Equipment	536,176	1,676,021
Other	277	-
Total Purpose Restrictions Accomplished	\$ 911,407	\$ 2,031,128

**10. 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 the years ended September 30, 2020 and 2019, contributions made to eligible employees amounted to 7.0% and 5.0% of qualifying wages, or \$135,280 and \$118,812, respectively.

**11. OPERATING LEASE**

The Mission leased office space on a month-to-month basis through January 2019. Rent expense incurred was \$0 and \$9,620 for the years ended September 30, 2020 and 2019, respectively, and is included in occupancy expense on the statement of functional expenses.

**12. COMMITMENTS AND CONTINGENCIES**

During 2020, the Mission had several outstanding bequests and, due to the involved administration process, final distribution and closeout did not occur by September 30, 2020. The amounts in question are unknown and uncertain and will be recorded in the statement of activities when an amount is provided in writing by legal counsel of the estate.

**13. 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.

**14. LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Mission has \$6,109,687 of financial assets available within one year of September 30, 2020 to meet cash needs for general expenditures consisting of cash of \$4,483,039, accounts and legacies receivable of \$552,048, and short-term investments of \$1,074,600, of which \$3,276,359 has been board designated. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date. The accounts and legacies receivable are subject to implied time restrictions but are expected to be collected within the subsequent year. The Mission has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$876,000. The Mission has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Mission invests cash in excess of daily requirements and management and Board reserves in various short-term investments, as more fully described in Note 4.