

CITY MISSION OF SCHENECTADY

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

CITY MISSION OF SCHENECTADY

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
City Mission of Schenectady
Schenectady, New York

Opinion

We have audited the accompanying financial statements of the City Mission of Schenectady (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City Mission of Schenectady's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



CUSACK & COMPANY, CPA'S LLC

Latham, New York
February 10, 2022

CITY MISSION OF SCHENECTADY

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash, Operating and Designated	\$ 6,214,280	\$ 4,483,039
Accounts and Legacies Receivable, Net	330,845	552,048
Investments	1,363,501	1,074,600
Inventory	54,000	51,000
Prepaid Expenses	81,811	68,249
Total Current Assets	<u>8,044,437</u>	<u>6,228,936</u>
Property, Plant and Equipment, Net	<u>8,944,713</u>	<u>7,784,697</u>
Other Assets		
Cash with Donor Restrictions	409,800	337,792
Investments with Donor Restrictions	977,335	672,565
Donor Advised Fund	912,285	912,285
Total Other Assets	<u>2,299,420</u>	<u>1,922,642</u>
 Total Assets	 <u>\$ 19,288,570</u>	 <u>\$ 15,936,275</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 403,965	\$ 114,236
Accrued Payroll and Other Accrued Expenses	61,679	152,007
Compensated Absences	135,712	134,371
Deferred Revenue	3,884	2,000
Total Current Liabilities	<u>605,240</u>	<u>402,614</u>
Net Assets		
Without Donor Restrictions:		
Designated by the Board for Future Ministries	3,820,236	3,276,359
Donor Advised Fund	912,285	912,285
Undesignated	12,563,674	10,334,660
Total Net Assets without Donor Restrictions	<u>17,296,195</u>	<u>14,523,304</u>
With Donor Restrictions:		
Purpose Restricted	433,106	369,274
Perpetual in Nature	954,029	641,083
Total Net Assets with Donor Restrictions	<u>1,387,135</u>	<u>1,010,357</u>
 Total Net Assets	 <u>18,683,330</u>	 <u>15,533,661</u>
 Total Liabilities and Net Assets	 <u>\$ 19,288,570</u>	 <u>\$ 15,936,275</u>

CITY MISSION OF SCHENECTADY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Without</u>	<u>With</u>	<u>Total</u>
	<u>Donor Restrictions</u>	<u>Donor Restrictions</u>	
Support, Revenue and Reclassifications			
Grants and Contributions of Cash and Other Financial Assets	\$ 5,177,200	\$ 2,192,550	\$ 7,369,750
Contributions of Nonfinancial Assets	290,194	-	290,194
Special Events	188,205	-	188,205
Store Sales	318,342	-	318,342
Salvage Sales	384,061	-	384,061
Program Fees	115,317	-	115,317
Program Service Contracts	318,521	-	318,521
Investment Returns, Net	294,535	74	294,609
Miscellaneous Revenue	6,652	-	6,652
Loss on Disposal of Assets	(379,941)	-	(379,941)
Payroll Protection Program Forgiveness Interest Income	4,085	-	4,085
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>1,815,846</u>	<u>(1,815,846)</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>8,533,017</u>	<u>376,778</u>	<u>8,909,795</u>
Expenses			
Program Services			
Community Outreach	379,881	-	379,881
Educational and Career	187,731	-	187,731
Food Services	885,851	-	885,851
Empower Health	284,525	-	284,525
Residential Services	1,814,174	-	1,814,174
Social Enterprise	448,822	-	448,822
Community Development Housing	184,290	-	184,290
Other Program Related	<u>388,593</u>	<u>-</u>	<u>388,593</u>
Total Program Services	4,573,867	-	4,573,867
General and Administrative Development	614,025	-	614,025
	<u>572,234</u>	<u>-</u>	<u>572,234</u>
Total Expenses	<u>5,760,126</u>	<u>-</u>	<u>5,760,126</u>
Increase in Net Assets	2,772,891	376,778	3,149,669
Net Assets, Beginning of Year	<u>14,523,304</u>	<u>1,010,357</u>	<u>15,533,661</u>
Net Assets, End of Year	<u>\$ 17,296,195</u>	<u>\$ 1,387,135</u>	<u>\$ 18,683,330</u>

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

	<u>Without</u> <u>Donor Restrictions</u>	<u>With</u> <u>Donor Restrictions</u>	<u>Total</u>
Support, Revenue and Reclassifications			
Grants and Contributions of Cash and			
Other Financial Assets	\$ 4,343,862	\$ 566,590	\$ 4,910,452
Contributions of Nonfinancial Assets	242,139	-	242,139
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
Investment Returns, Net	67,974	74	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	619,687	-	619,687
Development	<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 (Decrease) 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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Change in Net Assets	\$ 3,149,669	\$ 1,929,264
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Dividends and Interest Reinvested	(28,789)	(33,556)
Investment Donations	(82,149)	(154,523)
Realized Gain on Investments	(17,000)	(2,928)
Unrealized Gain on Investments	(256,840)	(28,831)
Loss on Disposal of Assets	379,941	9,801
Depreciation	373,693	344,447
Bad Debt Expense	2,600	-
Changes in Operating Assets and Liabilities		
(Increase) Decrease in:		
Accounts and Legacies Receivable	218,603	53,216
Inventory	(3,000)	(3,000)
Prepaid Expenses	(13,562)	16,752
Increase (Decrease) in:		
Accounts Payable	289,729	(37,512)
Accrued Payroll and Other Accrued Expenses	(90,328)	14,938
Compensated Absences	1,341	8,626
Deferred Revenue	<u>1,884</u>	<u>(10,517)</u>
Net Cash Flow Provided By Operating Activities	<u>3,925,792</u>	<u>2,106,177</u>
Cash Flow Used In Investing Activities		
Acquisition of Property, Plant and Equipment	(1,913,650)	(898,783)
Proceeds from Investment Sales and Maturities	305,286	622,074
Purchase of Investments	<u>(514,179)</u>	<u>(455,047)</u>
Net Cash Flow Used In Investing Activities	<u>(2,122,543)</u>	<u>(731,756)</u>
Cash Flow Used In Financing Activities		
Payments on Long-Term Debt	<u>-</u>	<u>(89,931)</u>
Increase in Cash	1,803,249	1,284,490
Cash and Cash Restricted, Beginning of Year	<u>4,820,831</u>	<u>3,536,341</u>
Cash and Cash Restricted, End of Year	<u>\$ 6,624,080</u>	<u>\$ 4,820,831</u>
Supplemental Disclosure of Cash Flow Information:		
Interest Paid	<u>\$ -</u>	<u>\$ 1,138</u>

CITY MISSION OF SCHENECTADY
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<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	\$ 112,906	\$ 91,867	\$ 424,321	\$ 240,218	\$ 1,404,417	\$ 327,177	\$ 54,246	\$ 313,315	\$ 2,968,467	\$ 480,015	\$ 120,857	\$ 3,569,339
Benevolence and Assistance	159,143	21,262	20,000	10,974	30,399	61	2,022	-	243,861	-	1,333	245,194
Services Purchased	80,734	18,775	36,106	14,400	20,684	-	298	-	170,997	12,917	203,236	387,150
Advertising and Fundraising	-	4,682	-	-	-	-	-	1,181	5,863	1,743	130,704	138,310
Office	1,592	2,025	2,222	375	5,868	6,072	11	147	18,312	42,233	37,752	98,297
Information Technology	3,046	5,564	2,972	5,026	24,075	7,963	29	6,618	55,293	11,802	2,629	69,724
Occupancy	2,203	14,034	75,407	5,498	111,617	32,084	50,519	18,588	309,950	21,890	95	331,935
Travel	-	399	-	94	-	25,794	-	8,159	34,446	956	32	35,434
Meetings, Trainings and Conferences	321	39	118	135	568	157	13	92	1,443	5,337	7,744	14,524
Insurance	1,041	1,042	2,995	725	7,098	5,979	173	4,875	23,928	6,922	460	31,310
Special Events	-	-	-	-	-	-	-	-	-	-	62,142	62,142
Food	-	-	244,046	-	3,826	-	-	-	247,872	-	3,342	251,214
Supplies	9,825	1,738	19,812	1,014	49,985	12,526	-	18,069	112,969	10,556	427	123,952
Small Equipment	-	-	7,670	-	5,699	1,312	459	7,259	22,399	2,122	787	25,308
Bad Debt Expense	-	-	-	-	-	-	-	-	-	2,600	-	2,600
Depreciation	9,070	26,304	50,182	6,066	149,938	29,697	76,520	10,290	358,067	14,932	694	373,693
	<u>\$ 379,881</u>	<u>\$ 187,731</u>	<u>\$ 885,851</u>	<u>\$ 284,525</u>	<u>\$ 1,814,174</u>	<u>\$ 448,822</u>	<u>\$ 184,290</u>	<u>\$ 388,593</u>	<u>\$ 4,573,867</u>	<u>\$ 614,025</u>	<u>\$ 572,234</u>	<u>\$ 5,760,126</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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The City Mission of Schenectady (the "Mission") was incorporated in 1906 as a nonprofit 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>2021</u>	<u>2020</u>
Cash	\$ 6,214,280	\$ 4,483,039
Restricted cash for programs	<u>409,800</u>	<u>337,792</u>
Total cash and restricted cash shown in the statement of cash flows	<u>\$ 6,624,080</u>	<u>\$ 4,820,831</u>

Receivables

The Mission utilizes the allowance method to determine the allowance for doubtful accounts. The allowance for doubtful accounts was \$2,600 and \$0 as of September 30, 2021 and 2020, respectively.

Conditional and Unconditional Promises to Give

The Mission did not have any conditional or unconditional promises to give at September 30, 2021 and 2020.

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 \$135,712 and \$134,371 at September 30, 2021 and 2020, respectively.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

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 earned or as performance obligation(s) 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, 2021 and 2020.

Contract Liabilities

Contract liabilities represent future community development housing program fees, program contracts, and special event revenue collected in advance of services provided or the event taken place. Total contract liabilities at September 30, 2021 and 2020 were \$3,884 and \$2,000, 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 5,500 and 20,100 volunteer hours for the years ended September 30, 2021 and 2020, respectively. These are also detailed in Note 9.

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 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.

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).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2021 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, 2021. 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 2018 and prior.

Reclassification

Certain 2020 amounts have been reclassified to conform to 2021 financial statement presentation.

Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through February 10, 2022, 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 \$4,869,229 and \$3,143,721 at September 30, 2021 and 2020, 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, 2021 and 2020, respectively:

	<u>2021</u>	<u>2020</u>
General Electric “More Gifts/More Givers”	\$ 12,198	\$ 8,225
Estate of Kenneth Lally	-	312,353
Estate of Robert and Mary Emmet	18,048	-
Schenectady County Metroplex	5,500	3,836
Schenectady ARC	-	16,389
Planet Gain, LLC	-	8,352
Proctor’s Theater	-	72,625
Healthy Alliance IPA, LLC	56,610	107,638
Bank and Vogue, Ltd.	27,727	7,934
Mother Cabrini	176,031	-
Miscellaneous	34,731	14,696
Total Accounts and Legacies Receivable	<u>\$ 330,845</u>	<u>\$ 552,048</u>

4. INVESTMENTS

The Mission’s investments at September 30, 2021 and 2020 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:

	2021		
	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation Depreciation</u>
Level 1 Measurement:			
Money Market	\$ 133,869	\$ 133,869	\$ -
Mutual Funds - Equity Based	1,090,746	1,229,187	138,441
Fixed Income	316,310	313,791	(2,519)
Equities	<u>391,011</u>	<u>663,989</u>	<u>272,978</u>
	1,931,936	2,340,836	408,900
Level 3 Measurement:			
Donor Advised Fund	<u>912,285</u>	<u>912,285</u>	<u>-</u>
	<u>\$ 2,844,221</u>	<u>\$ 3,253,121</u>	<u>\$ 408,900</u>

CITY MISSION OF SCHENECTADY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021 AND 2020

4. INVESTMENTS (CONTINUED)

	2020		
	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation (Depreciation)</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	417,145	595,097	177,952
	1,518,294	1,747,165	228,871
Level 3 Measurement:			
Donor Advised Fund	912,285	912,285	-
	<u>\$ 2,430,579</u>	<u>\$ 2,659,450</u>	<u>\$ 228,871</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 charitable LLC. This interest was appraised at \$912,285. The Mission owns, maintains and operates this fund and it is therefore considered unrestricted in these financial statements.

Investment Returns, Net

Investment returns, net for the years ended September 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Interest on Cash	\$ 8,537	\$ 16,436
Interest and Dividend Income on Investments	28,789	33,556
Realized Gain on Investments	17,000	2,928
Unrealized Holding Gain on Investments	256,840	28,831
Investment Fees	(16,557)	(13,703)
	<u>\$ 294,609</u>	<u>\$ 68,048</u>

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of the following at September 30, 2021 and 2020, respectively:

	<u>2021</u>	<u>2020</u>
Land and Improvements	\$ 751,154	\$ 690,774
Buildings and Improvements	9,631,383	10,175,435
Furniture, Fixtures, and Equipment	1,016,854	843,973
Leasehold Improvements	4,697	4,697
Construction in Progress	1,647,762	80,887
Total	13,051,850	11,795,766
Less: Accumulated Depreciation	(4,107,137)	(4,011,069)
	<u>\$ 8,944,713</u>	<u>\$ 7,784,697</u>

6. NET ASSETS DESIGNATED BY THE BOARD FOR FUTURE MINISTRIES

The Board has designated funds for the following future ministries as of September 30, 2021 and 2020, respectively:

	<u>2021</u>	<u>2020</u>
Board Uncommitted Reserve	\$ 2,020,875	\$ 1,442,611
Board Strategic Reserve	876,968	741,070
Board Operating Reserve	421,000	421,000
Board Uncommitted Receivable	23,365	317,786
Board Committed Reserve		
Pension	10,000	10,000
Donor Acquisition	-	81,137
Bonuses	40,000	40,000
Development Director	94,020	-
Capital Campaign	41,041	41,041
Board Designated Lally Estate Earnings	<u>292,967</u>	<u>181,714</u>
	<u>\$ 3,820,236</u>	<u>\$ 3,276,359</u>

7. 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, 2021 and 2020 are as follows:

CITY MISSION OF SCHENECTADY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021 AND 2020

7. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2021</u>	<u>2020</u>
Purpose Restricted:		
<i>Food</i>		
Freight Farm	\$ 5,198	\$ 2,000
Other	21,500	-
<i>Mens and ARK Programs</i>		
COVID-19 Response Fund	1,834	-
Ministry to Young Men Under 21	587	-
Code Blue	11,527	-
Drug Court	322	322
<i>Family Life Center Programs</i>		
Fletcher Estate	7,037	16,291
Easter Dresses	798	798
Art Mural	1,262	1,262
Women's Retreat	-	124
Other	7,561	7,663
<i>Residential Programs</i>		
Share Our Strength	900	900
Medical Clinic	-	7,017
<i>Outreach Programs</i>		
Back to School Boost	1,556	1,391
Toys	1,439	1,497
Summer Youth Adventure	1,544	-
Operation Warm and Safe	4,000	-
Neighbor to Neighbor	22,463	-
Weekend Backpack	7,985	680
Step Up Moment Fitness Fund	500	500
<i>Other Programs</i>		
Schenectady Works	181,888	121,570
The Cornerstone Fund	22,955	20,064
Exodus Loan Fund	4,529	-
Executive Director's Discretionary	5,292	5,293
Academic Scholarships	61,188	76,454
<i>Restricted for Assets and Projects</i>		
Capital Expansion and Equipment	59,241	105,448
Total Purpose Restricted	<u>433,106</u>	<u>369,274</u>
Perpetual in Nature:		
Restricted by Lally Estate	951,552	639,200
Restricted by Anonymous	2,477	1,883
Total Perpetual in Nature	<u>954,029</u>	<u>641,083</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,387,135</u>	<u>\$ 1,010,357</u>

CITY MISSION OF SCHENECTADY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021 AND 2020

8. NET ASSETS RELEASED FROM RESTRICTIONS

	<u>2021</u>	<u>2020</u>
Purpose Restrictions Accomplished for the Following:		
<i>Food</i>		
Pantry Box	\$ 82,646	\$ -
Freight Farm	5,114	-
<i>Mens and ARK Programs</i>		
COVID-19	10,222	96,874
Ministry to Young Men Under 21	-	978
Code Blue	-	10,030
<i>Family Life Center Programs</i>		
Books	-	401
Fletcher Estate	9,254	78,449
Art Mural	-	1,500
Women's Retreat	124	-
Medical Clinic	7,174	2,983
Other	102	-
<i>Outreach Programs</i>		
Back to School Boost	920	470
Toys	25,208	5,177
Academic Scholarships	17,766	20,540
Summer Youth Adventure	7,121	-
Operation Warm and Safe	-	16
Neighbor to Neighbor	287	9,711
Weekend Backpack	-	29,188
<i>Other Programs</i>		
Schenectady Works	38,750	106,126
The Cornerstone Project	14,643	12,511
Exodus Loan Fund	5,471	-
Capital Expansion and Equipment	1,591,044	536,176
Other	-	277
	<u> </u>	<u> </u>
Total Purpose Restrictions Accomplished	<u>\$ 1,815,846</u>	<u>\$ 911,407</u>

9. CONTRIBUTED NONFINANCIAL ASSETS

For the years ended September 30, 2021 and 2020 contributed nonfinancial assets recognized within the statement of activities included:

	<u>2021</u>	<u>2020</u>
Family Assistance - Clothing and Household Goods	\$ 84,164	\$ 58,038
Nutrition - Food	23,181	36,786
Clothing Rooms - Clothing	46,375	67,315
Professional Services	-	80,000
Freight Farm - Hydroponic Farm Equipment and Software	120,200	-
Special Events - Golf Accessories	16,274	-
	<u>\$ 290,194</u>	<u>\$ 242,139</u>

The Mission recognized contributed nonfinancial assets within revenue, including contributed household goods, food, clothing, and services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed food, clothing and household goods were utilized in the nutrition, community outreach, and transitional living programs. In valuing these items, the Mission estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed services recognized in 2020 comprised of professional services and materials from a construction for the construction of 305 LaFayette Street which is used for one of the Mission's programs. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

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, 2021 and 2020, contributions made to eligible employees amounted to 7.0% of qualifying wages, or \$143,958 and \$135,280, respectively, and is included in salaries and benefits expense on the statement of functional expenses.

11. COMMITMENTS AND CONTINGENCIES

During 2021, the Mission had several outstanding bequests and, due to the involved administration process, final distribution and closeout did not occur by September 30, 2021. 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.

12. 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.

13. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Mission has \$7,908,626 of financial assets available within one year of September 30, 2021 to meet cash needs for general expenditures consisting of cash of \$6,214,280, accounts and legacies receivable of \$330,845, and short-term investments of \$1,363,501, of which \$3,820,236 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 \$960,000. 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.

14. UNCERTAINTY

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 Mission 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.