



CITY MISSION OF SCHENECTADY

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

CITY MISSION OF SCHENECTADY

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SEPTEMBER 30, 2022 AND 2021

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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 statements of financial position as of September 30, 2022 and 2021, 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 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.

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 31, 2023

CITY MISSION OF SCHENECTADY
STATEMENTS OF FINANCIAL POSITION
 SEPTEMBER 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash, Operating and Designated	\$ 6,378,918	\$ 6,214,280
Accounts and Legacies Receivable, Net	140,855	330,845
Investments	1,060,359	1,363,501
Inventory	57,000	54,000
Prepaid Expenses	105,707	81,811
Total Current Assets	<u>7,742,839</u>	<u>8,044,437</u>
Property, Plant and Equipment, Net	<u>9,526,123</u>	<u>8,944,713</u>
Other Assets		
Cash with Donor Restrictions	684,757	409,800
Investments with Donor Restrictions	978,868	977,335
Donor Advised Fund	847,479	912,285
Total Other Assets	<u>2,511,104</u>	<u>2,299,420</u>
Total Assets	<u>\$ 19,780,066</u>	<u>\$ 19,288,570</u>

LIABILITIES AND NET ASSETS

Liabilities		
Current Liabilities		
Current Portion of Long-Term Debt	\$ 20,182	\$ -
Accounts Payable	143,924	403,965
Accrued Payroll and Other Accrued Expenses	59,498	61,679
Compensated Absences	157,816	135,712
Deferred Revenue	3,650	3,884
Total Current Liabilities	<u>385,070</u>	<u>605,240</u>
Long-Term Debt, Net of Current Portion	<u>38,682</u>	<u>-</u>
Total Liabilities	<u>423,752</u>	<u>605,240</u>
Net Assets		
Without Donor Restrictions:		
Designated by the Board for Future Ministries	3,899,636	3,820,236
Donor Advised Fund	847,479	912,285
Undesignated	12,945,575	12,563,674
Total Net Assets without Donor Restrictions	<u>17,692,690</u>	<u>17,296,195</u>
With Donor Restrictions:		
Purpose Restricted	708,063	433,106
Perpetual in Nature	955,561	954,029
Total Net Assets with Donor Restrictions	<u>1,663,624</u>	<u>1,387,135</u>
Total Net Assets	<u>19,356,314</u>	<u>18,683,330</u>
Total Liabilities and Net Assets	<u>\$ 19,780,066</u>	<u>\$ 19,288,570</u>

CITY MISSION OF SCHENECTADY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<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	\$ 4,266,783	\$ 1,853,126	\$ 6,119,909
Contributions of Nonfinancial Assets	223,422	-	223,422
Special Events, Net	115,613	-	115,613
Program Sales	787,656	-	787,656
Program Fees	109,975	-	109,975
Program Service Contracts	171,048	-	171,048
Investment Returns, Net	(294,945)	(208)	(295,153)
Miscellaneous Revenue	5,886	-	5,886
Loss on Disposal of Assets	(10,219)	-	(10,219)
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>1,576,429</u>	<u>(1,576,429)</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>6,951,648</u>	<u>276,489</u>	<u>7,228,137</u>
Expenses			
Program Services			
Community Outreach	348,700	-	348,700
Educational and Career	189,277	-	189,277
Nutritional Services	935,278	-	935,278
Empower Health	555,569	-	555,569
Residential Services	2,043,501	-	2,043,501
Social Enterprise	561,617	-	561,617
Community Development Housing	213,569	-	213,569
Other Program Related	<u>497,947</u>	<u>-</u>	<u>497,947</u>
Total Program Services	5,345,458	-	5,345,458
General and Administrative Development	608,377	-	608,377
	<u>601,318</u>	<u>-</u>	<u>601,318</u>
Total Expenses	<u>6,555,153</u>	<u>-</u>	<u>6,555,153</u>
Change in Net Assets	396,495	276,489	672,984
Net Assets, Beginning of Year	<u>17,296,195</u>	<u>1,387,135</u>	<u>18,683,330</u>
Net Assets, End of Year	<u>\$ 17,692,690</u>	<u>\$ 1,663,624</u>	<u>\$ 19,356,314</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
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	273,919	-	273,919
Special Events, Net	142,339	-	142,339
Program Sales	702,403	-	702,403
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>8,470,876</u>	 <u>376,778</u>	 <u>8,847,654</u>
Expenses			
Program Services			
Community Outreach	379,881	-	379,881
Educational and Career	187,731	-	187,731
Nutritional 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>510,093</u>	<u>-</u>	<u>510,093</u>
 Total Expenses	 <u>5,697,985</u>	 <u>-</u>	 <u>5,697,985</u>
Change 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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 672,984	\$ 3,149,669
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Dividends and Interest Reinvested	(105,259)	(28,789)
Investment Donations	(53,237)	(82,149)
Realized (Gain) Loss on Investments	24,053	(17,000)
Unrealized (Gain) Loss on Investments	366,110	(256,840)
Valuation of Donor Advised Funds	64,806	-
Loss on Disposal of Assets	10,219	379,941
Depreciation	434,128	373,693
Bad Debt Expense	1,642	2,600
Changes in Operating Assets and Liabilities		
(Increase) Decrease in:		
Accounts and Legacies Receivable	188,348	218,603
Inventory	(3,000)	(3,000)
Prepaid Expenses	(23,896)	(13,562)
Increase (Decrease) in:		
Accounts Payable	(260,041)	289,729
Accrued Payroll and Other Accrued Expenses	(2,181)	(90,328)
Compensated Absences	22,104	1,341
Deferred Revenue	(234)	1,884
Net Cash Flow Provided By Operating Activities	<u>1,336,546</u>	<u>3,925,792</u>
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(965,211)	(1,913,650)
Proceeds from Investment Sales and Maturities	1,722,241	305,286
Purchase of Investments	<u>(1,652,299)</u>	<u>(514,179)</u>
Net Cash Flow Used In Investing Activities	<u>(895,269)</u>	<u>(2,122,543)</u>
Cash Flows from Financing Activities		
Payments on Long-Term Debt	<u>(1,682)</u>	<u>-</u>
Change in Cash and Cash Restricted	439,595	1,803,249
Cash and Cash Restricted, Beginning of Year	<u>6,624,080</u>	<u>4,820,831</u>
Cash and Cash Restricted, End of Year	<u>\$ 7,063,675</u>	<u>\$ 6,624,080</u>
Supplemental Disclosure of Cash Flow Information:		
Fixed Assets Acquired with Debt Proceeds	<u>\$ 60,546</u>	<u>\$ -</u>

CITY MISSION OF SCHENECTADY
STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Community Outreach</u>	<u>Educational and Career</u>	<u>Nutritional 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	\$ 106,287	\$ 113,604	\$ 366,319	\$ 365,510	\$ 1,593,089	\$ 429,445	\$ 64,844	\$ 372,700	\$ 3,411,798	\$ 462,340	\$ 232,142	\$ 4,106,280
Benevolence and Assistance	176,519	22,475	-	1,822	48,690	-	4,066	-	253,572	5,236	327	259,135
Services Purchased	19,500	315	-	143,130	13,420	-	-	-	176,365	13,050	159,590	349,005
Advertising and Fundraising	-	2,038	-	-	-	-	-	289	2,327	2,761	132,271	137,359
Office	585	631	1,959	11,103	9,196	9,296	-	696	33,466	47,866	38,351	119,683
Information Technology	3,938	4,122	4,142	5,789	23,596	7,646	848	10,975	61,056	11,872	33,362	106,290
Occupancy	1,394	11,647	85,482	7,686	105,795	28,237	59,024	48,165	347,430	20,748	288	368,466
Travel	7,682	-	-	-	86	39,331	-	14,462	61,561	1,327	5	62,893
Meetings, Trainings and Conferences	665	937	560	237	5,940	439	625	557	9,960	5,480	2,745	18,185
Insurance	1,055	470	3,715	1,605	8,402	5,658	212	5,165	26,282	5,998	568	32,848
Food	9,403	-	377,283	-	5,281	-	-	-	391,967	-	-	391,967
Supplies	12,730	7,002	24,791	2,766	56,123	10,765	1,276	2,170	117,623	7,734	-	125,357
Small Equipment	176	-	10,118	1,507	15,947	1,773	1,750	7,984	39,255	1,800	860	41,915
Bad Debt Expense	-	-	-	-	-	-	550	-	550	1,092	-	1,642
Depreciation	8,766	26,036	60,909	14,414	157,936	29,027	80,374	34,784	412,246	21,073	809	434,128
	<u>\$ 348,700</u>	<u>\$ 189,277</u>	<u>\$ 935,278</u>	<u>\$ 555,569</u>	<u>\$ 2,043,501</u>	<u>\$ 561,617</u>	<u>\$ 213,569</u>	<u>\$ 497,947</u>	<u>\$ 5,345,458</u>	<u>\$ 608,377</u>	<u>\$ 601,318</u>	<u>\$ 6,555,153</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>Nutritional 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	461	31,311
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>\$ 510,093</u>	<u>\$ 5,697,985</u>

CITY MISSION OF SCHENECTADY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

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 is dedicated to sharing the Gospel of Jesus Christ in word and deed. The ministries of the City Mission of Schenectady seek to comprehensively meet the needs of the poor in a manner that dignifies and strengthens the individual, the family, and the community.

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>2022</u>	<u>2021</u>
Cash without donor restrictions	\$ 6,378,918	\$ 6,214,280
Cash with donor restrictions	<u>684,757</u>	<u>409,800</u>
Total cash shown in the statement of cash flows	<u>\$ 7,063,675</u>	<u>\$ 6,624,080</u>

Receivables

The Mission utilizes the allowance method to determine the allowance for doubtful accounts. The allowance for doubtful accounts was \$2,442 and \$2,600 as of September 30, 2022 and 2021, respectively.

Conditional and Unconditional Promises to Give

The Mission did not have any conditional or unconditional promises to give at September 30, 2022 and 2021.

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 \$157,816 and \$135,712 at September 30, 2022 and 2021, 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 obligation(s) 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 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, 2022 and 2021 were \$3,650 and \$3,884, 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 12,340 and 5,500 volunteer hours in the years ended September 30, 2022 and 2021, 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 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 2022 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, 2022. 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 2019 and prior.

Reclassification

Certain 2021 amounts have been reclassified to conform to 2022 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 January 31, 2023, 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 \$5,120,487 and \$4,869,229 at September 30, 2022 and 2021, 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.

CITY MISSION OF SCHENECTADY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022 AND 2021

3. ACCOUNTS AND LEGACIES RECEIVABLE

Accounts and legacies receivable consist of the following for the years September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
<i>Accounts Receivable</i>		
Bank and Vogue, Ltd.	\$ -	\$ 27,727
Employee Loans	7,207	-
Exodus Loans	6,834	-
General Electric	674	12,198
Healthy Alliance IPA, LLC	23,558	56,610
Miscellaneous	6,452	29,511
Mother Cabrini	-	176,031
Schenectady County Metroplex	3,500	5,500
Transitional Housing	6,173	7,820
 <i>Legacies Receivable</i>		
Estate of Lydia Boynton	433	-
Estate of Ada Friedman	17,680	-
Estate of Jean Friss	5,000	-
Estate of Norma Gordon	65,686	-
Estate of Katherine Kruger	100	-
Estate of Robert and Mary Emmet	-	18,048
Less: Allowance for Doubtful Accounts	(2,442)	(2,600)
	<u>\$ 140,855</u>	<u>\$ 330,845</u>

4. INVESTMENTS

The Mission's investments at September 30, 2022 and 2021 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 6; accordingly, these amounts have been reflected as noncurrent in these financial statements.

Investments are summarized as follows:

	<u>2022</u>		
	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation (Depreciation)</u>
Level 1 Measurement:			
Money Market	\$ 97,270	\$ 97,270	\$ -
Mutual Funds - Equity Based	761,097	719,201	(41,896)
Fixed Income	325,100	291,323	(33,777)
Exchange Traded Products	316,485	295,339	(21,146)
Equities	496,485	636,094	139,609
	<u>1,996,437</u>	<u>2,039,227</u>	<u>42,790</u>
Level 3 Measurement:			
Donor Advised Fund	847,479	847,479	-
	<u>\$ 2,843,916</u>	<u>\$ 2,886,706</u>	<u>\$ 42,790</u>

CITY MISSION OF SCHENECTADY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022 AND 2021

4. INVESTMENTS (CONTINUED)

	2021		
	Cost	Market	Unrealized Appreciation (Depreciation)
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	391,011	663,989	272,978
	1,931,936	2,340,836	408,900
Level 3 Measurement:			
Donor Advised Fund	912,285	912,285	-
	<u>\$ 2,844,221</u>	<u>\$ 3,253,121</u>	<u>\$ 408,900</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. As of September 30, 2022 and 2021, this interest was appraised at \$847,479 and \$912,285, respectively. 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, 2022 and 2021 consist of the following:

	2022	2021
Interest on Cash	\$ 8,026	\$ 8,537
Interest, Dividends and Capital Gain		
Distributions on Investments	105,259	28,789
Realized Gain (Loss) on Investments	(24,053)	17,000
Unrealized Holding Gain (Loss) on Investments	(366,110)	256,840
Investment Fees	(18,275)	(16,557)
	<u>\$ (295,153)</u>	<u>\$ 294,609</u>

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of the following at September 30, 2022 and 2021:

	2022	2021
Land	\$ 412,436	\$ 412,436
Buildings and Improvements	12,089,953	9,970,101
Furniture, Fixtures, and Equipment	1,352,008	1,016,854
Leasehold Improvements	4,697	4,697
Construction in Progress	115,704	1,647,762
Total	13,974,798	13,051,850
Less: Accumulated Depreciation	<u>(4,448,675)</u>	<u>(4,107,137)</u>
	<u>\$ 9,526,123</u>	<u>\$ 8,944,713</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Board Uncommitted Reserve	\$ 2,318,319	\$ 2,020,875
Board Strategic Reserve	776,236	876,968
Board Operating Reserve	421,000	421,000
Board Uncommitted Receivable	88,799	23,365
Board Committed Reserve		
Pension	10,000	10,000
Bonuses	165,000	40,000
Development Director	4,868	94,020
Capital Campaign	-	41,041
Board Designated Lally Estate Earnings	115,414	292,967
	<u>\$ 3,899,636</u>	<u>\$ 3,820,236</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.

CITY MISSION OF SCHENECTADY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022 AND 2021

7. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

A summary of net assets with donor restrictions as of September 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Purpose Restricted:		
<i>Food</i>		
Freight Farm	\$ 3,089	\$ 5,198
Other	-	21,500
<i>Mens and ARK Programs</i>		
COVID-19 Response Fund	-	1,834
Ministry to Young Men Under 21	1,376	587
Code Blue	-	11,527
Drug Court	-	322
<i>Family Life Center Programs</i>		
Fletcher Estate	7,037	7,037
Easter Dresses	798	798
Art Mural	1,262	1,262
Other	-	7,561
<i>Outreach Programs</i>		
Back to School Boost	20	1,556
Toys	9,968	1,439
Summer Youth Adventure	-	1,544
Operation Warm and Safe	2,020	4,000
Neighbor to Neighbor	38,759	22,463
Weekend Backpack	540	7,985
Step Up Moment Fitness	500	500
<i>Other Programs</i>		
Share Our Strength	-	900
Workforce Development	291,919	181,888
The Cornerstone Fund	31,678	22,955
Cornerstone Loans	4,504	-
Exodus Loan Fund	2,368	4,529
Executive Director's Discretionary Fund	5,292	5,292
Mother Cabrini	123,038	-
Academic Scholarships	114,142	61,188
<i>Restricted for Assets and Projects</i>		
Capital Expansion and Equipment	<u>69,753</u>	<u>59,241</u>
Total Purpose Restricted	<u>708,063</u>	<u>433,106</u>
Perpetual in Nature:		
Restricted by Lally Estate	953,287	951,552
Restricted by Anonymous	<u>2,274</u>	<u>2,477</u>
Total Perpetual in Nature	<u>955,561</u>	<u>954,029</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 1,663,624</u>	 <u>\$ 1,387,135</u>

CITY MISSION OF SCHENECTADY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022 AND 2021

8. NET ASSETS RELEASED FROM RESTRICTIONS

	<u>2022</u>	<u>2021</u>
Purpose Restrictions Accomplished for the Following:		
<i>Food</i>		
Pantry Box	\$ -	\$ 82,646
Freight Farm	32,430	5,114
<i>Mens and ARK Programs</i>		
COVID-19	11,834	10,222
Ministry to Young Men Under 21	11,527	-
Code Blue	322	-
<i>Family Life Center Programs</i>		
Fletcher Estate	-	9,254
Women's Retreat	-	124
Medical Clinic	-	7,174
Other	7,561	102
<i>Outreach Programs</i>		
Back to School Boost	2,698	920
Toys	18,604	25,208
Summer Youth Adventure	6,455	7,121
Operation Warm and Safe	1,980	-
Neighbor to Neighbor	4,174	287
Weekend Backpack	19,650	-
Schenectady Baseball	6,379	-
<i>Other Programs</i>		
Share Our Strength	900	-
Empower Health	1,600	-
Cornerstone Loans	499	-
Workforce Development	108,311	38,750
The Cornerstone Fund	3,963	14,643
Exodus Loan Fund	5,188	5,471
Mother Cabrini	1,127,642	-
Academic Scholarships	46	17,766
Capital Expansion and Equipment	<u>204,666</u>	<u>1,591,044</u>
Total Purpose Restrictions Accomplished	<u>\$ 1,576,429</u>	<u>\$ 1,815,846</u>

9. LONG-TERM DEBT

In September 2022, the Mission entered into an interest free auto loan, which requires 36 monthly payments of \$1,682 and is collateralized by a vehicle. Future principal payments by year are as follows:

2023	\$	20,182
2024		20,182
2025		18,500
		\$ 58,864

10. CONTRIBUTED NONFINANCIAL ASSETS

For the years ended September 30, 2022 and 2021 contributed nonfinancial assets recognized within the statement of activities included:

	<u>2022</u>	<u>2021</u>
Family Assistance	\$ 112,513	\$ 84,164
Nutrition	30,616	23,181
Clothing Rooms	50,293	46,374
Fitness Center	7,450	-
Information Technology	22,550	-
Freight Farm	-	120,200
	\$ 223,422	\$ 273,919

The Mission recognized contributed nonfinancial assets within revenue, including contributed household goods, food, clothing, software, special event support, equipment 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, residential services, and transitional living programs. Software and equipment donations are utilized throughout the Mission. 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. Fitness Center donations included rubber flooring used in our Empower Health Department. Special event donations were provided to support our Development Department's golf event. Contributed nonfinancial assets of \$14,745 and \$16,275 were reported in special event revenue and expense for the golf event as of September 30, 2022 and 2021, respectively. See Note 12 for additional information.

11. 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, 2022 and 2021, contributions made to eligible employees amounted to 7.0% of qualifying wages, or \$153,961 and \$143,958, respectively, and is included in salaries and benefits expense on the statement of functional expenses.

12. SPECIAL EVENTS

Special events consisted of the following for the years ended September 30:

	2022			2021		
	Revenue	Expense	Net	Revenue	Expense	Net
Annual Banquet	\$ 123,747	\$ 45,047	\$ 78,700	\$ 131,061	\$ 24,746	\$ 106,315
Golf With A Mission	92,883	55,970	36,913	73,420	37,396	36,024
	\$ 216,630	\$ 101,017	\$ 115,613	\$ 204,481	\$ 62,142	\$ 142,339

Annual Banquet: A yearly gathering of friends of the Mission to celebrate stories of hope and transformation. While this event is funded by Board of Trustee members, there is a love offering taken at each meal. This event takes place over the course of three days with each daily event typically at full capacity.

Golf With A Mission: An annual golf tournament, in partnership with Northway 8 Golf Center, to raise funds to support the life-changing work of City Mission as men, women, and children experience transformation each day. Funds raised come from golfer registrations and sponsorship opportunities.

13. COMMITMENTS AND CONTINGENCIES

During 2022, the Mission had several outstanding bequests and, due to the involved administration process, final distribution and closeout did not occur by September 30, 2022. 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.

14. 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.

15. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Mission has \$7,580,132 of financial assets available within one year of September 30, 2022 to meet cash needs for general expenditures consisting of cash of \$6,378,918, accounts and legacies receivable of \$140,855, and short-term investments of \$1,060,359, of which \$3,899,636 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 90 days of normal operating expenses, which are, on average, approximately \$1,640,000. 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.

16. UNCERTAINTY

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Mission and its future financial position and results of operations is not presently determinable.