



CITY MISSION OF SCHENECTADY

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024 AND 2023

CITY MISSION OF SCHENECTADY

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SEPTEMBER 30, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
City Mission of Schenectady

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, 2024 and 2023, 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, 2024 and 2023, 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.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
January 23, 2025

CITY MISSION OF SCHENECTADY*STATEMENTS OF FINANCIAL POSITION**SEPTEMBER 30, 2024 AND 2023*

	<u>ASSETS</u>	
	<u>2024</u>	<u>2023</u>
Current Assets		
Cash, Operating and Designated	\$ 6,545,751	\$ 4,746,315
Accounts and Legacies Receivable, Net	426,163	237,736
Investments	2,395,979	3,060,640
Inventory	63,000	60,000
Prepaid Expenses	74,465	104,341
Total Current Assets	<u>9,505,358</u>	<u>8,209,032</u>
Property, Plant and Equipment, Net	<u>9,477,152</u>	<u>9,783,733</u>
Other Assets		
Cash with Donor Restrictions	613,267	900,345
Investments with Donor Restrictions	979,692	979,040
Donor Advised Fund	847,479	847,479
Security Deposit	750	-
Right-of-Use Asset, Operating Leases	807,879	-
Total Other Assets	<u>3,249,067</u>	<u>2,726,864</u>
Total Assets	<u>\$ 22,231,577</u>	<u>\$ 20,719,629</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Current Portion of Long-Term Debt	\$ 18,500	\$ 20,182
Current Portion of Lease Liability	157,838	-
Accounts Payable	111,091	147,355
Accrued Payroll and Other Accrued Expenses	99,579	73,768
Compensated Absences	172,934	158,926
Deferred Revenue	6,256	10,506
Total Current Liabilities	<u>566,198</u>	<u>410,737</u>
Noncurrent Liabilities		
Long-Term Debt, Net of Current Portion	-	16,818
Lease Liability, Net of Current Portion	<u>650,041</u>	<u>-</u>
Total Noncurrent Liabilities	<u>650,041</u>	<u>16,818</u>
Total Liabilities	<u>1,216,239</u>	<u>427,555</u>
Net Assets		
Without Donor Restrictions:		
Designated by the Board for Future Ministries	6,864,019	5,231,949
Donor Advised Fund	847,479	847,479
Undesignated	<u>11,710,881</u>	<u>12,333,261</u>
Total Net Assets without Donor Restrictions	<u>19,422,379</u>	<u>18,412,689</u>
With Donor Restrictions:		
Purpose Restricted	636,574	923,652
Perpetual in Nature	<u>956,385</u>	<u>955,733</u>
Total Net Assets with Donor Restrictions	<u>1,592,959</u>	<u>1,879,385</u>
Total Net Assets	<u>21,015,338</u>	<u>20,292,074</u>
Total Liabilities and Net Assets	<u>\$ 22,231,577</u>	<u>\$ 20,719,629</u>

CITY MISSION OF SCHENECTADY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, Revenue and Reclassifications			
Grants and Contributions of Cash and Other Financial Assets	\$ 5,969,687	\$ 463,618	\$ 6,433,305
Contributions of Nonfinancial Assets	279,201	-	279,201
Special Events, Net	107,476	-	107,476
Program Sales	871,212	-	871,212
Program Fees	171,510	-	171,510
Program Service Contracts	121,369	-	121,369
Investment Returns, Net	654,687	652	655,339
Miscellaneous Revenue	13,214	-	13,214
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>750,696</u>	<u>(750,696)</u>	<u>-</u>
 Total Support, Revenue and Reclassifications	 <u>8,939,052</u>	 <u>(286,426)</u>	 <u>8,652,626</u>
Expenses			
Program Services			
Community Outreach	395,304	-	395,304
Educational and Career	400,518	-	400,518
Nutritional Services	938,836	-	938,836
Health and Wellness	682,194	-	682,194
Residential Services	2,492,491	-	2,492,491
Social Enterprise	692,091	-	692,091
Community Development Housing	488,811	-	488,811
Other Program Related	<u>548,246</u>	<u>-</u>	<u>548,246</u>
 Total Program Services	 6,638,491	 -	 6,638,491
General and Administrative	633,383	-	633,383
Development	<u>657,488</u>	<u>-</u>	<u>657,488</u>
 Total Expenses	 <u>7,929,362</u>	 <u>-</u>	 <u>7,929,362</u>
 Change in Net Assets	 1,009,690	 (286,426)	 723,264
 Net Assets, Beginning of Year	 <u>18,412,689</u>	 <u>1,879,385</u>	 <u>20,292,074</u>
 Net Assets, End of Year	 <u>\$ 19,422,379</u>	 <u>\$ 1,592,959</u>	 <u>\$ 21,015,338</u>

CITY MISSION OF SCHENECTADY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, Revenue and Reclassifications			
Grants and Contributions of Cash and Other Financial Assets	\$ 5,671,681	\$ 820,498	\$ 6,492,179
Contributions of Nonfinancial Assets	233,378	-	233,378
Special Events, Net	95,317	-	95,317
Program Sales	891,193	-	891,193
Program Fees	127,021	-	127,021
Program Service Contracts	178,148	-	178,148
Investment Returns, Net	263,198	172	263,370
Miscellaneous Revenue	5,961	-	5,961
Loss on Disposal of Assets	(14,721)	-	(14,721)
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>604,909</u>	<u>(604,909)</u>	<u>-</u>
 Total Support, Revenue and Reclassifications	 <u>8,056,085</u>	 <u>215,761</u>	 <u>8,271,846</u>
Expenses			
Program Services			
Community Outreach	354,242	-	354,242
Educational and Career	252,164	-	252,164
Nutritional Services	997,996	-	997,996
Health and Wellness	618,373	-	618,373
Residential Services	2,375,092	-	2,375,092
Social Enterprise	699,755	-	699,755
Community Development Housing	229,977	-	229,977
Other Program Related	<u>559,836</u>	<u>-</u>	<u>559,836</u>
 Total Program Services	 6,087,435	 -	 6,087,435
General and Administrative Development	641,848	-	641,848
	<u>606,803</u>	<u>-</u>	<u>606,803</u>
 Total Expenses	 <u>7,336,086</u>	 <u>-</u>	 <u>7,336,086</u>
 Change in Net Assets	 719,999	 215,761	 935,760
 Net Assets, Beginning of Year	 <u>17,692,690</u>	 <u>1,663,624</u>	 <u>19,356,314</u>
 Net Assets, End of Year	 <u>\$ 18,412,689</u>	 <u>\$ 1,879,385</u>	 <u>\$ 20,292,074</u>

CITY MISSION OF SCHENECTADY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 723,264	\$ 935,760
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Dividends and Interest Reinvested	(115,883)	(108,752)
Investment Donations	(36,065)	(89,835)
Realized (Gain) Loss on Investments	(99,585)	(6,736)
Unrealized (Gain) Loss on Investments	(298,289)	(127,015)
Loss on Disposal of Assets	-	14,721
Depreciation	570,577	528,300
Bad Debt Expense	6,225	2,726
Changes in Operating Assets and Liabilities		
(Increase) Decrease in:		
Accounts and Legacies Receivable	(194,652)	(99,607)
Inventory	(3,000)	(3,000)
Prepaid Expenses	29,876	1,366
Security Deposit	(750)	-
Increase (Decrease) in:		
Accounts Payable	(36,264)	3,431
Accrued Payroll and Other Accrued Expenses	25,811	14,270
Compensated Absences	14,008	1,110
Deferred Revenue	<u>(4,250)</u>	<u>6,856</u>
Net Cash Flow Provided By Operating Activities	<u>581,023</u>	<u>1,073,595</u>
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(263,996)	(800,631)
Proceeds from Investment Sales and Maturities	1,373,066	1,512,800
Purchase of Investments	<u>(159,235)</u>	<u>(3,180,915)</u>
Net Cash Flow Provided By (Used In) Investing Activities	<u>949,835</u>	<u>(2,468,746)</u>
Cash Flows from Financing Activities		
Payments on Long-Term Debt	<u>(18,500)</u>	<u>(21,864)</u>
Change in Cash and Restricted Cash	1,512,358	(1,417,015)
Cash and Restricted Cash, Beginning of Year	<u>5,646,660</u>	<u>7,063,675</u>
Cash and Restricted Cash, End of Year	<u>\$ 7,159,018</u>	<u>\$ 5,646,660</u>
Supplemental Disclosure of Cash Flow Information:		
Noncash Investing and Financing Activities		
Change in Right-of-Use Asset, Operating Leases	<u>\$ 807,879</u>	<u>\$ -</u>
Lease Liability Accretion	<u>\$ 807,879</u>	<u>\$ -</u>

CITY MISSION OF SCHENECTADY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Community Outreach</u>	<u>Educational and Career</u>	<u>Nutritional Services</u>	<u>Health and Wellness</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	\$ 84,581	\$ 292,681	\$ 417,421	\$ 396,786	\$ 1,959,116	\$ 540,875	\$ 86,341	\$ 360,746	\$ 4,138,547	\$ 477,849	\$ 239,391	\$ 4,855,787
Benevolence and Assistance	236,613	14,892	-	2,058	63,904	-	2,793	-	320,260	-	15,177	335,437
Services Purchased	27,420	-	-	227,898	9,350	-	570	-	265,238	12,396	173,341	450,975
Advertising and Fundraising	-	-	-	-	-	-	-	408	408	-	137,643	138,051
Office	1,314	10,581	768	1,453	3,372	9,615	2,905	489	30,497	50,241	48,720	129,458
Information Technology	2,473	9,719	2,840	4,280	25,807	6,985	9,224	9,762	71,090	13,829	29,854	114,773
Occupancy	3,728	19,581	104,179	12,697	140,794	35,187	279,708	65,099	660,973	33,250	6,090	700,313
Travel	10,186	2,441	25	-	591	39,525	-	8,097	60,865	1,383	5	62,253
Meetings, Trainings and Conferences	-	1,245	372	2,398	1,161	1,701	54	122	7,053	4,110	3,489	14,652
Insurance	1,074	2,674	3,805	1,061	10,822	5,413	45	5,956	30,850	6,392	872	38,114
Food	-	-	291,672	-	6,140	-	-	-	297,812	-	-	297,812
Supplies	17,438	5,315	26,123	2,554	72,359	20,087	1,903	3,729	149,508	9,134	67	158,709
Small Equipment	-	329	14,808	18	14,033	2,161	10,149	11,097	52,595	1,761	1,870	56,226
Bad Debt Expense	1,600	4,625	-	-	-	-	-	-	6,225	-	-	6,225
Depreciation	8,877	36,435	76,823	30,991	185,042	30,542	95,119	82,741	546,570	23,038	969	570,577
	<u>\$ 395,304</u>	<u>\$ 400,518</u>	<u>\$ 938,836</u>	<u>\$ 682,194</u>	<u>\$ 2,492,491</u>	<u>\$ 692,091</u>	<u>\$ 488,811</u>	<u>\$ 548,246</u>	<u>\$ 6,638,491</u>	<u>\$ 633,383</u>	<u>\$ 657,488</u>	<u>\$ 7,929,362</u>

CITY MISSION OF SCHENECTADY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Community Outreach</u>	<u>Educational and Career</u>	<u>Nutritional Services</u>	<u>Health and Wellness</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	\$ 78,476	\$ 173,731	\$ 381,873	\$ 367,138	\$ 1,855,709	\$ 539,380	\$ 58,849	\$ 382,158	\$ 3,837,314	\$ 497,843	\$ 216,792	\$ 4,551,949
Benevolence and Assistance	209,277	19,478	1,195	1,937	45,195	-	3,283	97	280,462	1,000	369	281,831
Services Purchased	21,500	-	-	194,650	17,810	-	1,180	-	235,140	11,450	155,823	402,413
Advertising and Fundraising	-	-	-	-	-	-	-	272	272	35	161,123	161,430
Office	1,017	2,524	576	6,063	6,630	10,280	147	1,506	28,743	47,409	36,753	112,905
Information Technology	2,092	5,592	6,118	6,331	26,182	6,439	422	7,630	60,806	11,160	28,984	100,950
Occupancy	3,185	14,424	103,789	6,415	133,925	34,140	64,240	72,005	432,123	24,022	1,046	457,191
Travel	9,042	4,187	-	66	406	53,936	-	12,538	80,175	1,283	1	81,459
Meetings, Trainings and												
Conferences	361	289	41	947	3,176	283	-	511	5,608	5,414	2,848	13,870
Insurance	1,060	679	3,020	1,246	8,510	5,781	191	6,750	27,237	9,512	793	37,542
Food	7,543	-	396,397	-	5,917	-	-	-	409,857	-	-	409,857
Supplies	11,595	7,367	23,302	4,554	83,693	15,595	1,826	4,521	152,453	7,435	-	159,888
Small Equipment	16	65	11,283	335	8,739	4,918	1,345	3,319	30,020	2,408	1,347	33,775
Bad Debt Expense	-	-	-	-	-	360	2,366	-	2,726	-	-	2,726
Depreciation	9,078	23,828	70,402	28,691	179,200	28,643	96,128	68,529	504,499	22,877	924	528,300
	<u>\$ 354,242</u>	<u>\$ 252,164</u>	<u>\$ 997,996</u>	<u>\$ 618,373</u>	<u>\$ 2,375,092</u>	<u>\$ 699,755</u>	<u>\$ 229,977</u>	<u>\$ 559,836</u>	<u>\$ 6,087,435</u>	<u>\$ 641,848</u>	<u>\$ 606,803</u>	<u>\$ 7,336,086</u>

CITY MISSION OF SCHENECTADY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024 AND 2023

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>2024</u>	<u>2023</u>
Cash without donor restrictions	\$ 6,545,751	\$ 4,746,315
Cash with donor restrictions	<u>613,267</u>	<u>900,345</u>
Total cash shown in the statement of cash flows	<u><u>\$ 7,159,018</u></u>	<u><u>\$ 5,646,660</u></u>

Receivables

The Mission utilizes the allowance method to determine the allowance for doubtful accounts. The allowance for doubtful accounts was \$8,667 and \$2,442 as of September 30, 2024 and 2023, respectively.

Conditional and Unconditional Promises to Give

The Mission did not have any conditional or unconditional promises to give at September 30, 2024 and 2023.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$172,934 and \$158,926 at September 30, 2024 and 2023, 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

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, 2024 and 2023 were \$6,256 and \$10,506, 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 17,583 and 17,198 volunteer hours in the years ended September 30, 2024 and 2023, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Fair Value Measurements

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

Accounting for Uncertainty in Income Taxes

The Mission follows 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 2024 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, 2024. Form 990 tax returns filed by the Mission are subject to examination by the IRS up to three years after the filing date of each return. Form 990 tax filings for the Mission are no longer subject to examination for tax years 2020 and prior.

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard (Continued)

The Mission elected the “package of practical expedients” under the transition guidance within Topic 842, in which the Mission does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Mission has elected to adopt the “hindsight” practical expedient.

The Mission determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Mission obtains substantially all of the economic benefits from the use of that underlying asset and direct how and for what purpose the asset is used during the term of the contract. The Mission also considers whether their service arrangements include the right to control the use of an asset.

The Mission made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Mission made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date for leases existing upon the adoption of Topic 842.

Adoption of Topic 842 results in the recording of a ROU asset and a lease liability related to the Mission’s operating leases. The adoption of the new lease standard did not materially impact combined net earnings or combined cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through January 23, 2025, 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 \$1,156,622 and \$3,668,431 at September 30, 2024 and 2023, 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<i>Accounts Receivable</i>		
Bank and Vogue, Ltd.	\$ 13,433	\$ 15,420
Employee Loans	3,162	2,003
Exodus Loans	8,604	3,418
Micro Loan Program	1,600	1,600
General Electric	7,952	4,470
Leon Family Charitable Group, LLC	10,000	-
Miscellaneous	15,849	9,421
Mother Cabrini	-	120,000
Schenectady Foundation	-	39,000
Schenectady County Metroplex	3,500	17,179
Transitional Housing	5,238	2,404
<i>Legacies Receivable</i>		
Estate of Lydia Boynton	433	433
Estate of Rose Marie Stanjones	359,959	-
Estate of Jean Friss	5,000	5,000
Estate of Katherine Kruger	100	100
Estate of Janice K. Rourke	-	19,730
Less: Allowance for Doubtful Accounts	<u>(8,667)</u>	<u>(2,442)</u>
	<u><u>\$ 426,163</u></u>	<u><u>\$ 237,736</u></u>

Legacy receivables are recognized upon settlement of the probate process and are assumed to be collected within one year of the date of the settlement.

4. INVESTMENTS

The Mission's investments at September 30, 2024 and 2023 are valued at fair value. 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:

	<u>2024</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Level 1 Measurement:			
Money Market	\$ 920,759	\$ 920,759	\$ -
Mutual Funds - Equity Based	1,878	2,905	1,027
Fixed Income	753,361	746,048	(7,313)
Equities	<u>1,231,579</u>	<u>1,705,959</u>	<u>474,380</u>
	2,907,577	3,375,671	468,094
Level 3 Measurement:			
Donor Advised Fund	<u>847,479</u>	<u>847,479</u>	<u>-</u>
	<u>\$ 3,755,056</u>	<u>\$ 4,223,150</u>	<u>\$ 468,094</u>

	<u>2023</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Level 1 Measurement:			
Money Market	\$ 691,032	\$ 691,032	\$ -
Mutual Funds - Equity Based	974,018	944,608	(29,410)
Fixed Income	1,486,737	1,457,613	(29,124)
Exchange Traded Products	204,581	201,331	(3,250)
Equities	<u>513,507</u>	<u>745,096</u>	<u>231,589</u>
	3,869,875	4,039,680	169,805
Level 3 Measurement:			
Donor Advised Fund	<u>847,479</u>	<u>847,479</u>	<u>-</u>
	<u>\$ 4,717,354</u>	<u>\$ 4,887,159</u>	<u>\$ 169,805</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, 2024 and 2023, this interest was appraised at \$847,479. 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, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Interest on Cash	\$ 164,092	\$ 38,861
Interest, Dividends and Capital Gain Distributions on Investments	115,883	108,752
Realized Gain on Investments	99,585	6,736
Unrealized Holding Gain on Investments	298,289	127,015
Investment Fees	<u>(22,510)</u>	<u>(17,994)</u>
	<u><u>\$ 655,339</u></u>	<u><u>\$ 263,370</u></u>

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of the following at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 412,436	\$ 412,436
Buildings and Improvements	12,632,003	12,578,773
Furniture, Fixtures, and Equipment	1,731,798	1,640,371
Leasehold Improvements	35,769	4,697
Construction in Progress	<u>21,177</u>	<u>11,492</u>
Total	14,833,183	14,647,769
Less: Accumulated Depreciation	<u>(5,356,031)</u>	<u>(4,864,036)</u>
	<u><u>\$ 9,477,152</u></u>	<u><u>\$ 9,783,733</u></u>

6. 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 fiscal year are as follows:

2025	<u><u>\$ 18,500</u></u>
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7. NET ASSETS DESIGNATED BY THE BOARD FOR FUTURE MINISTRIES

The Board has designated funds for the following future ministries as of September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Board Uncommitted Reserve	\$ 3,393,439	\$ 3,708,515
Board Strategic Reserve	1,072,164	866,290
Board Operating Reserve	421,000	421,000
Board Uncommitted Receivable	362,392	25,164
Board Committed Reserve		
Pension	10,000	10,000
Bonuses	45,000	-
301 Clinton Project	275,085	-
Capital Campaign	1,000,000	-
Board Designated Lally Estate Earnings	<u>284,939</u>	<u>200,980</u>
	<u><u>\$ 6,864,019</u></u>	<u><u>\$ 5,231,949</u></u>

These funds are included in cash and investments on the statements of financial position.

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.

CITY MISSION OF SCHENECTADY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

8. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

A summary of net assets with donor restrictions as of September 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Purpose Restricted:		
<i>Food</i>		
Agricultural Grant	\$ 13,764	\$ -
<i>Men's Shelter Programs</i>		
Ministry to Young Men Under 21	-	1,376
<i>Family Life Center Programs</i>		
Fletcher Estate	-	6,443
Easter Dresses	693	797
Art Mural	1,263	1,262
Other	696	-
<i>Outreach Programs</i>		
Toys	200	100
Neighbor to Neighbor	88,333	27,099
Weekend Backpack	240	160
Step Up Moment Fitness	500	500
<i>Other Programs</i>		
Health and Wellness	-	72,625
Cornerstone Loans	7,684	7,684
Workforce Development	332,883	414,282
The Cornerstone Fund	15,674	23,628
Exodus Loan Fund	5,858	4,823
Mother Cabrini	4,520	212,500
Academic Scholarships	113,739	114,249
Executive Director's Discretionary Fund	5,292	5,292
<i>Restricted for Assets and Projects</i>		
Capital Expansion and Equipment	<u>45,235</u>	<u>30,832</u>
Total Purpose Restricted	<u>636,574</u>	<u>923,652</u>
Perpetual in Nature:		
Restricted by Lally Estate	953,287	953,286
Restricted by Anonymous	<u>3,098</u>	<u>2,447</u>
Total Perpetual in Nature	<u>956,385</u>	<u>955,733</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 1,592,959</u></u>	<u><u>\$ 1,879,385</u></u>

CITY MISSION OF SCHENECTADY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024 AND 2023

9. NET ASSETS RELEASED FROM RESTRICTIONS

	<u>2024</u>	<u>2023</u>
Purpose Restrictions Accomplished for the Following:		
<i>Food</i>		
Freight Farm	\$ -	\$ 5,742
Food Operations Grant	5,370	2,820
Agriculture Grant	24,394	19,288
Other	-	50
<i>Men's Shelter Programs</i>		
Ministry to Young Men Under 21	2,536	-
<i>Family Life Center Programs</i>		
Fletcher Estate	6,443	595
Other	1,624	2,076
<i>Outreach Programs</i>		
Back to School Boost	-	20
Toys	2,600	17,232
Summer Youth Adventure	27,700	19,598
Operation Warm and Safe	-	2,020
Neighbor to Neighbor	15,055	19,952
Weekend Backpack	3,196	9,021
<i>Other Programs</i>		
Health and Wellness	114,975	525
Cornerstone Loans	2,600	2,020
Workforce Development	142,543	74,905
The Cornerstone Fund	7,954	8,050
Exodus Loan Fund	16,127	1,180
Mother Cabrini	261,743	310,538
Academic Scholarships	510	8,959
<i>Restricted for Assets and Projects</i>		
Capital Expansion and Equipment	<u>115,326</u>	<u>100,318</u>
 Total Purpose Restrictions Accomplished	 <u>\$ 750,696</u>	 <u>\$ 604,909</u>

10. CONTRIBUTED NONFINANCIAL ASSETS

For the years ended September 30, 2024 and 2023 contributed nonfinancial assets recognized within the statement of activities included:

	<u>2024</u>	<u>2023</u>
Family Assistance	\$ 107,953	\$ 140,063
Nutrition	12,412	25,834
Clothing Rooms	148,916	51,657
Fitness Center	-	7,500
Information Technology	-	1,569
Services	<u>9,920</u>	<u>6,755</u>
	<u><u>\$ 279,201</u></u>	<u><u>\$ 233,378</u></u>

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 Health and Wellness Department. Special event donations were provided to support our Development Department's golf event. Contributed nonfinancial assets of \$13,967 and \$13,474 were reported in special event revenue and expense for the golf event as of September 30, 2024 and 2023, respectively. See Note 13 for additional information.

11. LEASES

The Mission adopted Accounting Standards Update No. 2016-02, Leases ("ASU" 2016-02") at September 30, 2024. ASU 2016-02 requires the recognition of lease assets and lease liabilities by the lessee for those leases classified as operating leases.

The Mission leases two buildings in Schenectady, NY, each expiring in 2029. As the interest rate implicit in the lease is not known, an incremental borrowing rate of 8.0% was used as the discount rate. One of the buildings involves related parties as noted in Note 15.

11. LEASES (CONTINUED)

Amounts recognized as right-of-use asset and lease payable are included in the balance sheet as follows:

	<u>2024</u>
Right-of-Use Asset	\$ <u>807,879</u>
Current Portion of Lease Payable	157,838
Long-Term Portion of Lease Payable	<u>650,041</u>
Total Lease Payable	\$ <u>807,879</u>

Rent expense relating to operating lease was as follows:

	<u>2024</u>
Fixed Rent Expense	\$ <u>181,563</u>

Future undiscounted cash flows using a discount rate of 8.0% and a reconciliation to the operating lease liability recognized on the balance sheet are as follows as of September 30, 2024:

Years ending September 30,	
2025	\$ 224,892
2026	225,067
2027	225,367
2028	225,667
2029	<u>94,080</u>
Total lease payments	995,073
Less imputed interest	<u>(187,194)</u>
Total present value of operating lease liability	807,879
Current installments of operating lease liability	<u>(157,838)</u>
Long-term portion of operating lease liability	\$ <u>650,041</u>

12. 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, 2024 and 2023, contributions made to eligible employees amounted to 7.0% of qualifying wages, or \$200,085 and \$173,390, respectively, and is included in salaries and benefits expense on the statement of functional expenses.

13. SPECIAL EVENTS

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

	<u>2024</u>			<u>2023</u>		
	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Annual Banquet	\$ 112,672	\$ 50,767	\$ 61,905	\$ 132,146	\$ 49,159	\$ 82,987
Golf With A Mission	73,912	45,573	28,339	49,930	43,528	6,402
Dueling Pianos	<u>29,857</u>	<u>12,625</u>	<u>17,232</u>	<u>17,914</u>	<u>11,986</u>	<u>5,928</u>
	<u>\$216,441</u>	<u>\$108,965</u>	<u>\$107,476</u>	<u>\$199,990</u>	<u>\$104,673</u>	<u>\$ 95,317</u>

Annual Banquet: A yearly gathering of friends of the Mission to celebrate stories of hope and transformation. There is a love offering taken at each meal. This event takes place over the course of two 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.

Dueling Pianos: This event is an evening gathering of current and new friends of the Mission to raise funds that will support the year-round programming for the men, women and children served. Funds raised from the event come through admissions sales and sponsorships.

14. COMMITMENTS AND CONTINGENCIES

During 2024, the Mission had several outstanding bequests and, due to the involved administration process, final distribution and closeout did not occur by September 30, 2024. 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.

15. 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. The Mission leases property at 301 Clinton Street, Schenectady, New York, and one trustee and another trustee's spouse have beneficial interest in the lessor company. Additionally, as outlined in the Mission's Policy Guidelines, any trustee, officer or key person involved in a related party transaction must recuse themselves from any corresponding deliberation or voting in accordance with the Mission's conflict of interest policy.

16. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Mission has \$9,367,893 of financial assets available within one year of September 30, 2024 to meet cash needs for general expenditures, consisting of cash of \$6,545,751, accounts and legacies receivable of \$426,163, and short-term investments of \$2,395,979, of which \$6,864,019 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 6 months of normal operating expenses, which are, on average, approximately \$4,000,000. 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.