

EISNERAMPER

NEW YORK CITY CHURCH OF CHRIST, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019



NEW YORK CITY CHURCH OF CHRIST, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
New York City Church of Christ, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the New York City Church of Christ, Inc. (the "Church"), which comprised the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New York City Church of Christ, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for each of the years then ended, in accordance with accounting principles generally accepted in the United States of America.



EISNERAMPER LLP
New York, New York
September 27, 2021



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NEW YORK CITY CHURCH OF CHRIST, INC.

Statements of Financial Position

	December 31,	
	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 905,269	\$ 311,578
Investments	2,108,553	1,502,385
Prepaid expenses and other assets	251,403	313,933
Beneficial interest in a charitable lead annuity trust	514,341	557,887
Furniture and equipment, net	<u>8,887</u>	<u>13,317</u>
	<u>\$ 3,788,453</u>	<u>\$ 2,699,100</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 142,922	\$ 210,010
Deferred revenue	6,210	1,825
Funds received in advance	<u>43,893</u>	<u>19,407</u>
	<u>193,025</u>	<u>231,242</u>
Commitments, contingencies and other uncertainty (Note H)		
NET ASSETS		
Without donor restrictions:		
Operating assets	1,458,443	258,785
Board-designated	<u>1,034,880</u>	<u>1,034,880</u>
Total net assets without donor restrictions	2,493,323	1,293,665
With donor restrictions:		
Purpose and time restrictions	<u>1,102,105</u>	<u>1,174,193</u>
Total net assets	<u>3,595,428</u>	<u>2,467,858</u>
	<u>\$ 3,788,453</u>	<u>\$ 2,699,100</u>

NEW YORK CITY CHURCH OF CHRIST, INC.

Statements of Activities

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Weekly contributions	\$ 5,657,701	\$ -	\$ 5,657,701	\$ 5,891,010	\$ -	\$ 5,891,010
Mission contributions	-	735,000	735,000	-	735,000	735,000
Special contributions	402,809	-	402,809	478,117	-	478,117
Other contributions	19,373	11,785	31,158	78,572	5,510	84,082
Benevolence	-	407,082	407,082	-	325,238	325,238
Investment returns	20,599	-	20,599	33,371	-	33,371
Events fee income	20,533	-	20,533	468,255	-	468,255
Change in value of beneficial interest in charitable lead annuity trust	-	15,454	15,454	-	16,823	16,823
	<u>-</u>	<u>15,454</u>	<u>15,454</u>	<u>-</u>	<u>16,823</u>	<u>16,823</u>
Total public support and revenue before net assets released from restrictions	6,121,015	1,169,321	7,290,336	6,949,325	1,082,571	8,031,896
Net assets released from restrictions – satisfaction of restrictions	<u>1,241,409</u>	<u>(1,241,409)</u>	<u>-</u>	<u>1,001,837</u>	<u>(1,001,837)</u>	<u>-</u>
Total public support and revenue	<u>7,362,424</u>	<u>(72,088)</u>	<u>7,290,336</u>	<u>7,951,162</u>	<u>80,734</u>	<u>8,031,896</u>
Expenses:						
Program services - ministry	5,343,219	-	5,343,219	7,283,009	-	7,283,009
General and administrative	<u>819,547</u>	<u>-</u>	<u>819,547</u>	<u>871,406</u>	<u>-</u>	<u>871,406</u>
Total expenses	<u>6,162,766</u>	<u>-</u>	<u>6,162,766</u>	<u>8,154,415</u>	<u>-</u>	<u>8,154,415</u>
Change in net assets	1,199,658	(72,088)	1,127,570	(203,253)	80,734	(122,519)
Net assets, beginning of year	<u>1,293,665</u>	<u>1,174,193</u>	<u>2,467,858</u>	<u>1,496,918</u>	<u>1,093,459</u>	<u>2,590,377</u>
Net assets, end of year	<u>\$ 2,493,323</u>	<u>\$ 1,102,105</u>	<u>\$ 3,595,428</u>	<u>\$ 1,293,665</u>	<u>\$ 1,174,193</u>	<u>\$ 2,467,858</u>

See notes to financial statements.

NEW YORK CITY CHURCH OF CHRIST, INC.

Statements of Functional Expenses

	Year Ended December 31,					
	2020			2019		
	Program Service	Supporting Service	Total	Program Service	Supporting Service	Total
	Ministry	General and Administrative		Ministry	General and Administrative	
Salaries and parsonage	\$ 2,909,797	\$ 418,822	\$ 3,328,619	\$ 3,209,228	\$ 412,444	\$ 3,621,672
Payroll taxes and employee benefits	653,811	145,131	798,942	755,876	145,230	901,106
Rent	265,208	60,458	325,666	1,456,534	57,562	1,514,096
Insurance	-	58,885	58,885	1,040	55,426	56,466
Professional fees	59,206	62,000	121,206	89,841	91,125	180,966
Telephone and utilities	27,824	4,797	32,621	31,321	5,493	36,814
Supplies expense	44,622	3,286	47,908	118,894	15,030	133,924
Recruitment	1,839	-	1,839	158	-	158
Donations for others	1,181,488	-	1,181,488	932,162	-	932,162
Adoption assistance	-	-	-	5,000	-	5,000
Gifts and honoraria	3,652	-	3,652	4,350	-	4,350
Information technology	29,866	4,397	34,263	6,535	9,345	15,880
Travel, meals and lodging	151,551	912	152,463	637,548	4,143	641,691
Printing, postage and shipping	2,337	4,008	6,345	4,483	3,773	8,256
Bank and online charges	848	45,860	46,708	-	49,209	49,209
Miscellaneous expenses	11,170	4,013	15,183	30,039	12,078	42,117
Total expenses before depreciation	5,343,219	812,569	6,155,788	7,283,009	860,858	8,143,867
Depreciation	-	6,978	6,978	-	10,548	10,548
Total expenses	\$ 5,343,219	\$ 819,547	\$ 6,162,766	\$ 7,283,009	\$ 871,406	\$ 8,154,415

See notes to financial statements.

NEW YORK CITY CHURCH OF CHRIST, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 1,127,570	\$ (122,519)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,978	10,548
Realized and unrealized gains on investments	(11,214)	(5,556)
Donated securities	(6,254)	(20,742)
Proceeds from sales of donated securities	6,254	20,742
Changes in:		
Prepaid expenses and other assets	62,530	(91,726)
Beneficial interest in a charitable lead annuity trust	43,546	31,177
Accounts payable and accrued liabilities	(67,088)	53,069
Deferred revenue	4,385	790
Funds received in advance	24,486	3,991
Net cash provided by (used in) operating activities	<u>1,191,193</u>	<u>(120,226)</u>
Cash flows from investing activities:		
Proceeds from the maturity of investments	855,046	1,250,034
Purchases of investments	(1,450,000)	(1,350,000)
Purchases of furniture and equipment	(2,548)	(1,119)
Net cash used in investing activities	<u>(597,502)</u>	<u>(101,085)</u>
Net change in cash and cash equivalents	593,691	(221,311)
Cash and cash equivalents at beginning of year	<u>311,578</u>	<u>532,889</u>
Cash and cash equivalents at end of year	<u>\$ 905,269</u>	<u>\$ 311,578</u>

See notes to financial statements.

NEW YORK CITY CHURCH OF CHRIST, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

The New York City Church of Christ, Inc. (the "Church") is a nondenominational church. The Church was established and incorporated under the laws of the State of New York in 1983 and currently ministers to the New York/New Jersey metropolitan area, as well as to foreign missions, as needed.

As a religious organization, the Church is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and from state and local taxes under comparable laws.

[2] Basis of accounting:

The financial statements of the Church have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenue and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

[4] Cash and cash equivalents:

For financial-reporting purposes, the Church considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

[5] Investments:

Investments consist of certificates of deposits and are reported at their fair values in the statements of financial position based on quoted market prices. Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions. Realized gains and losses on investments are determined by comparison of the cost basis to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Donated securities are recorded at their estimated fair values, as determined by the proceeds received on the dates of donation or by their net asset values as determined by the Church's management. The Church's policy is to sell the donated securities immediately, and, accordingly, for purposes of the statements of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

[6] Furniture and equipment:

Furniture and equipment are stated at their original costs at the dates of acquisition, or, if contributed, at their fair values at the dates of donation. The Church capitalizes furniture and equipment with a cost of \$1,000 or more and a useful life of greater than one year, whereas, minor costs of repairs and maintenance are expensed as incurred. Depreciation of furniture and equipment is provided using the straight-line method over five years, the estimated useful lives of the related assets.

NEW YORK CITY CHURCH OF CHRIST, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[6] Furniture and equipment: (continued)

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. There were no triggering events during years 2021 or 2020 requiring management to test for impairment that would require any adjustments to property and equipment. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Net assets:

Net assets of the Church are classified and reported as follows:

(i) Net assets without donor restrictions:

Net assets without donor restrictions represent resources that are not subject to donor-imposed restrictions. Included in net assets without donor restrictions are amounts that have been designated by the Church's Board of Trustees ("Trustees") for general purposes.

(ii) Net assets with donor restrictions:

Net assets with donor restrictions represent those resources the use of which has been restricted by donors or state law to specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets are reclassified as net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions."

[8] Revenue recognition:

(i) Contributions:

Contributions are recorded as revenue upon the receipt of cash or other assets, or of unconditional pledges. Conditional contributions are not recognize until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions are considered available for use, unless specifically restricted by the donor, and consist of the following categories:

a. Weekly contributions:

These are donations from Church members received at regular weekly services. These contributions are used for general operations, as well as for special programs of the Church.

b. Missions contributions:

These are donations from Church members that are designated for specific domestic and foreign mission churches and programs. Mission contributions are reported as contributions with donor restrictions.

c. Special contributions:

These are donations collected during the yearly special contribution in excess of the missions' needs are allocated to the general operations of The New York City Church of Christ.

NEW YORK CITY CHURCH OF CHRIST, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[8] Revenue recognition: (continued)

(i) Contributions: (continued)

d. Benevolence:

These are donations from Church members that are designated for the poor and needy, through financial or material assistance.

e. Beneficial interest in a charitable lead annuity trust:

Contribution revenue from a charitable lead annuity trust is recognized upon the establishment of the agreement, at the fair value of the estimated future cash flows, discounted for the estimated time period necessary to complete the agreement (see Note C).

(ii) Events fee income:

Registration fees represent various ministry special events, such as youth camps, marriage seminars, campus retreats and singles events. Prices charged for the various events differ for each event and is based on the type of service rendered. Fees charged by for the church for the events are recorded as revenues in the period that the event takes place. Amounts received in advance of the services performed are recorded as deferred revenue on the statements of financial position.

[9] Donation to others:

Donation to others are generally recorded as expenses in the period the donations are approved by the Board of Trustees. All donations to others are approved and paid within the same year.

[10] Functional allocation of expenses:

The costs of providing the Church's program and supporting service have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by natural classification and function. Accordingly, direct costs have been functionalized within the program and supporting services based on the nature of the expenses. Natural expenses attributable to more than one functional expense category have been allocated amongst the program and supporting services based on time spent by employees and the nature of the expense. Indirect costs have been allocated on the basis of time and effort. The Church conducts minimal fund-raising activities.

[11] Income taxes:

The Church is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of the Church's general tax-exempt status, management believes that ASC Topic 740 has not had, and is not expected to have, a material impact on the Church's financial statements.

NEW YORK CITY CHURCH OF CHRIST, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[12] Adoption of accounting pronouncements:

(i) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made:*

In June 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. This standard provides a framework for evaluating whether grants should be accounted for as exchange transactions or as non-exchange transactions. For non-exchange transactions, the new guidance clarifies whether arrangements are conditional or unconditional. ASU 2018-08 should be applied on a modified prospective basis. The standard is effective for years beginning after December 15, 2018 for entities receiving resources, and accordingly, the Church adopted the resource recipient section of the standard for the year ended December 31, 2019. For entities providing resources, the standard is effective for years beginning after December 15, 2019, and accordingly, the Church adopted resource provider section of the standard for the year ended December 31, 2020. Analysis of this standard resulted in no significant changes in the Church’s financial statements.

(ii) *Revenue from Contracts with Customers:*

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU No. 2014-09 requires an entity to recognize revenue depicting the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard permits the use of either the retrospective or cumulative effect transition method. This standard is effective for fiscal years beginning after December 15, 2019, and accordingly, the Church adopted this standard for the year ended December 31, 2020. Analysis of this standard resulted in no significant changes in the Church’s financial statements.

[13] Upcoming accounting pronouncements:

(i) *Leases:*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, as amended, which supersedes the current leasing guidance and upon adoption, will require lessees to recognize right-of-use assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard is effective for the Church for the annual period beginning after December 15, 2021, and can be early adopted. Upon the adoption of the guidance, operating leases are capitalized on the balance sheet at the present value of lease payments. The balance sheet amount recorded for existing leases at the date of adoption of ASU 2016-02 will be calculated using the applicable incremental borrowing rate at the date of adoption. The impact on the Church’s financial statements is currently being evaluated. Information about the Church’s undiscounted future lease payments and the timing of those payments is provided in Note H [1].

NEW YORK CITY CHURCH OF CHRIST, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[13] Upcoming accounting pronouncements: (continued)

- (ii) *Accounting Updates to Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets:*

In September 2020, the FASB issued ASU 2020-07—*Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. For each category of contributed nonfinancial assets recognized, not-for-profit organization will need to disclose: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used; (ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; (iv) the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, Fair Value Measurement, at initial recognition; and (v) the principal market (or most advantageous market) used to arrive at a fair value measure, if it is a market in which the recipient entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU will be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021.

[14] Reclassification:

Certain amounts in Church's prior-year's financial statements have been reclassified to conform to the current year's presentation.

[15] Subsequent events:

The Church evaluated subsequent events through September 27, 2021, the date on which the financial statements were available to be issued.

NEW YORK CITY CHURCH OF CHRIST, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE B - INVESTMENTS AND BENEFICIAL INTEREST IN A CHARITABLE LEAD ANNUITY TRUST

At each year-end, investments consisted of certificates of deposit with a fair value and cost of \$2,108,553 and \$2,100,000, respectively, at December 31, 2020, and a fair value and cost and fair value of \$1,502,385 and \$1,500,000, respectively, at December 31, 2020 and 2019.

During each year, investment returns consisted of the following:

	December 31,	
	2020	2019
Interest	\$ 9,385	\$ 27,815
Realized and unrealized gains	<u>11,214</u>	<u>5,556</u>
	<u>\$ 20,599</u>	<u>\$ 33,374</u>

ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical assets at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for similar assets in active markets, or (ii) quoted prices for those assets, or similar assets, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where there is little, if any, market activity for the assets, or the assets cannot be independently valued.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

NEW YORK CITY CHURCH OF CHRIST, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE B - INVESTMENTS AND BENEFICIAL INTEREST IN A CHARITABLE LEAD ANNUITY TRUST (CONTINUED)

The following tables summarize the fair values of the Church's investments and other assets at each year-end, in accordance with the ASC Topic 820 fair-value levels:

	<u>December 31, 2020</u>		
	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	<u>\$ 2,108,553</u>	<u>\$ -</u>	<u>\$ 2,108,553</u>
Total investments	<u>2,108,553</u>	<u>-</u>	<u>2,108,553</u>
Beneficial interest in a charitable lead annuity trust	<u>-</u>	<u>514,341</u>	<u>514,341</u>
Total	<u>\$ 2,108,553</u>	<u>\$ 514,341</u>	<u>\$ 2,622,894</u>

	<u>December 31, 2019</u>		
	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	<u>\$ 1,502,385</u>	<u>\$ -</u>	<u>\$ 1,502,385</u>
Total investments	<u>1,502,385</u>	<u>-</u>	<u>1,502,385</u>
Beneficial interest in a charitable lead annuity trust	<u>-</u>	<u>557,887</u>	<u>557,887</u>
Total	<u>\$ 1,502,385</u>	<u>\$ 557,887</u>	<u>\$ 2,060,272</u>

Quantitative information regarding unobservable inputs developed by the Church and assumptions used to measure the fair value of the beneficial interest in a charitable lead annuity trust agreement as of December 31, 2019 are as follows:

<u>Type</u>	<u>Fair Value</u>	<u>Valuation Technique</u>	<u>Significant Unobservable Inputs</u>	<u>Range</u>
Charitable lead annuity trust	\$ 514,341	Income approach through discounted future cash flows	Growth rate / discount rate	4%

NOTE C - BENEFICIAL INTEREST IN A CHARITABLE LEAD ANNUITY TRUST

On December 31, 2010, the Church became the beneficiary of an irrevocable charitable lead annuity trust (the "Trust"). Under the Trust agreement, the Church is estimated to receive annual annuity payments of \$50,400, payable quarterly for twenty years. The funds in the Trust are managed by an unrelated trustee.

During 2020 and 2019, the Church recognized changes in fair value from the Trust of approximately \$15,000 and \$17,000, respectively, representing the amortization of the present value of the estimated future annuity payments, using a discount rate of 4%. The payments received during 2020 and 2019 relate to partial interest payments from 2015 through 2020. The remaining annuity payments for 2017 through 2020 have not been received. The estimated fair value of the Church's interest in the Trust, as of December 31, 2020 and 2019, was \$514,341 and \$557,887, respectively.

NEW YORK CITY CHURCH OF CHRIST, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE D - FURNITURE AND EQUIPMENT

At December 31, 2020 and 2019, the Church's equipment consisted of furniture and equipment with a cost of \$237,594 and \$235,046, respectively, and accumulated depreciation of \$228,707 and \$221,729, respectively.

NOTE E - DEFERRED REVENUE

The following table provides information about significant changes in the deferred liabilities during each year:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Deferred revenue, beginning of year	\$ 1,825	\$ -
Revenue recognized that was included in the deferred at the beginning of the year	(1,825)	-
Increase in deferred revenue due to cash received during the period	<u>6,210</u>	<u>1,825</u>
Deferred revenue, end of year	<u>\$ 6,210</u>	<u>\$ 1,825</u>

There were no other significant contract liabilities or assets at December 31, 2020 or 2019.

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

At each year-end, net assets with donor restrictions were available to satisfy the following purposes:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Specific programs:		
Missions	\$ 327,790	\$ 331,331
Benevolence	229,515	266,301
Children's programs	21,179	13,394
Adoption activities	5,280	5,280
Manhattan facility rentals	<u>4,000</u>	<u>-</u>
Total specific programs	<u>587,764</u>	<u>616,306</u>
Time-restricted:		
Charitable trust (Note C)	<u>514,341</u>	<u>557,887</u>
	<u>\$ 1,102,105</u>	<u>\$ 1,174,193</u>

NEW YORK CITY CHURCH OF CHRIST, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During each year, net assets released from restrictions consisted of the following:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Specific programs:		
Missions	\$ 738,541	\$ 717,138
Benevolence	443,868	215,025
Children's programs	-	6,674
Manhattan facility rentals	-	5,000
Single ministry	-	10,000
	<u>1,182,409</u>	<u>953,837</u>
Total specific programs		
	<u>1,182,409</u>	<u>953,837</u>
Time-restricted:		
Charitable trust (Note C)	<u>59,000</u>	<u>48,000</u>
	<u>\$ 1,241,409</u>	<u>\$ 1,001,837</u>

NOTE G - RETIREMENT PLAN

The Church sponsors a tax-deferred annuity retirement plan established under Section 403(b) of the Code. The Church provides a match for all employees age 50 and over. Employer contributions to the plan for 2020 and 2019 were \$145,081 and \$153,192, respectively.

NOTE H - COMMITMENTS AND OTHER UNCERTAINTY

[1] Lease commitments:

In April 2013, the Church entered into a lease agreement for property at 400 Plaza Drive in Secaucus, New Jersey, for use as its corporate headquarters. The lease, which required monthly payments of approximately \$3,900, expired in November 2018. In May 2018, the lease was extended for an additional five years, through November 2023.

For years subsequent to 2020, minimum future rental payments under the lease agreement for the corporate headquarters lease are expected to be as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2021	\$ 53,887
2022	54,831
2023	<u>51,055</u>
	<u>\$ 159,773</u>

Rental expense for administrative offices for 2020 and 2019 was \$58,531 and \$57,562, respectively.

In addition, in order to conduct its weekly services, the Church has entered into lease agreements with terms of twelve months or less for the use of various facilities throughout the New York/New Jersey metropolitan area. Rent expense for these facilities for 2020 and 2019 amounted to \$255,353 and \$1,128,624, respectively.

NEW YORK CITY CHURCH OF CHRIST, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE H - COMMITMENTS AND OTHER UNCERTAINTY (CONTINUED)

[2] Other contracts:

In the normal course of its business, the Church enters into various contracts for professional and other services, which are typically renewable on a year-to-year basis.

[3] Other uncertainty:

The extent of the impact of the Coronavirus ("COVID-19") outbreak on the operational and financial performance of the Church will depend on the continued future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of COVID-19 on overall demand for the Church's services, all of which are highly uncertain and cannot be predicted. If demand for the Church's services are impacted for an extended period, results of operations may be materially adversely affected.

NOTE I - CONCENTRATION OF CREDIT RISK

The Church maintains its cash and its investments in high-credit-quality financial institutions in amounts which, at times, may exceed federally insured limits. Management believes that the Church is not exposed to any significant risk of loss due to the failure of these financial institutions.

NOTE J - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Church's financial assets as of the statements of financial position date, reduced by amounts not available for general use within one year because of donor-imposed restrictions:

	Year Ended December 31,	
	2020	2019
Cash and cash equivalents	\$ 905,269	\$ 311,578
Investments	<u>2,108,553</u>	<u>1,502,385</u>
Total financial assets available within one year	<u>3,013,822</u>	<u>1,813,963</u>
Less: amounts unavailable for general expenditures within one year, due to:		
Restriction by donors with purpose restrictions	<u>(587,764)</u>	<u>(616,306)</u>
Amounts unavailable to management without Board's approval:		
Board-designated	<u>(1,034,880)</u>	<u>(1,034,880)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,391,178</u>	<u>\$ 162,777</u>

NEW YORK CITY CHURCH OF CHRIST, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE J - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Liquidity policy:

The Church's policy is to structure its financial assets to maintain a sufficient level of operating cash to be available for its general expenditures, liabilities, and other obligations as they come due. Additionally, the Church has a Board-designated reserve whereby amounts could be made available for current operations, if necessary; however, the Church does not intend to spend these funds for purposes other than those approved by the Trustees.