

NEW YORK CITY CHURCH OF CHRIST, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022



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**NEW YORK CITY CHURCH OF CHRIST, INC.
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of New York City Church of Christ, Inc. (a New York corporation) (the Church), which comprise the statement of financial position as of December 31, 2023, and the related statement of activities, functional expenses, and cash flows for the year 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 New York City Church of Christ, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Church 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 Church's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 Church'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 Church'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.

Other Matter

The 2022 financial statements of New York City Church of Christ, Inc. were audited by other auditors whose report dated July 17, 2023 expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Livingston, New Jersey
September 3, 2024

NEW YORK CITY CHURCH OF CHRIST, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 237,504	\$ 649,520
Investments, at Fair Value	2,610,533	3,268,085
Accounts and Grants Receivable	610,168	-
Prepaid Expenses	147,677	169,989
Beneficial Interest in a Charitable Lead Annuity Trust	390,170	435,416
Right-of-Use Asset - Operating Lease	119,103	146,141
Property and Equipment, Net	27,989	27,500
Total Assets	\$ 4,143,144	\$ 4,696,651
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 121,393	\$ 198,775
Lease Liability	116,511	141,507
Deferred Revenue	12,374	4,463
Funds Received in Advance	25,171	55,959
Total Liabilities	275,449	400,704
NET ASSETS		
Without Donor Restrictions:		
Operating Assets	1,705,927	2,010,064
Board-Designated	1,050,000	1,050,000
Total Without Donor Restrictions	2,755,927	3,060,064
With Donor Restrictions:		
Purpose and Time Restrictions	1,111,768	1,235,883
Total Net Assets	3,867,695	4,295,947
Total Liabilities and Net Assets	\$ 4,143,144	\$ 4,696,651

NEW YORK CITY CHURCH OF CHRIST, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Weekly Contributions	\$ 5,482,059	\$ -	\$ 5,482,059
Mission Contributions	-	999,000	999,000
Special Contributions	195,806	-	195,806
Other Contributions	6,647	-	6,647
Benevolence	-	263,584	263,584
Government Grants	601,806	-	601,806
Investment Gains	116,924	-	116,924
Events Fee Income	397,293	68,483	465,776
Change in Value of Beneficial Interest in a Charitable Lead Annuity Trust	-	11,003	11,003
Net Assets Released from Restrictions	1,466,184	(1,466,184)	-
Total Support and Revenue	8,266,719	(124,114)	8,142,605
EXPENSES			
Program Services:			
Ministry	7,644,033	-	7,644,033
Supporting Services:			
General and Administrative	926,823	-	926,823
Total Expenses	8,570,856	-	8,570,856
CHANGE IN NET ASSETS	(304,137)	(124,114)	(428,251)
Net Assets - Beginning of Year	3,060,064	1,235,882	4,295,946
NET ASSETS - END OF YEAR	\$ 2,755,927	\$ 1,111,768	\$ 3,867,695

NEW YORK CITY CHURCH OF CHRIST, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Weekly Contributions	\$ 5,405,154	\$ -	\$ 5,405,154
Mission Contributions	-	935,000	935,000
Special Contributions	152,913	-	152,913
Other Contributions	2,277	15,811	18,088
Benevolence	-	309,243	309,243
Investment Losses	(176,218)	-	(176,218)
Events Fee Income	208,336	-	208,336
Change in Value of Beneficial Interest in a Charitable Lead Annuity Trust	-	12,546	12,546
Net Assets Released from Restrictions	1,232,412	(1,232,412)	-
Total Support and Revenue	6,824,874	40,188	6,865,062
EXPENSES			
Program Services:			
Ministry	6,477,302	-	6,477,302
Supporting Services:			
General and Administrative	846,604	-	846,604
Total Expenses	7,323,906	-	7,323,906
CHANGE IN NET ASSETS	(499,032)	40,188	(458,844)
Net Assets - Beginning of Year	3,559,096	1,195,695	4,754,791
NET ASSETS - END OF YEAR	\$ 3,060,064	\$ 1,235,883	\$ 4,295,947

**NEW YORK CITY CHURCH OF CHRIST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Ministry</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and Parsonage	\$ 3,417,515	\$ 482,767	\$ 3,900,282
Payroll Taxes and Employee Benefits	996,942	162,688	1,159,630
Rent	826,735	34,353	861,088
Insurance	-	78,300	78,300
Professional Fees	69,160	69,504	138,664
Telephone and Utilities	40,872	3,571	44,443
Youth Worker Screening	22,765	-	22,765
Supplies	74,081	517	74,598
Recruitment	5,976	-	5,976
Donations to Others	1,356,861	-	1,356,861
Gifts and Honoraria	14,905	-	14,905
Information Technology	36,382	7,327	43,709
Travel, Meals, and Lodging	732,892	1,916	734,808
Printing, Postage, and Shipping	3,311	1,042	4,353
Bank and Online Charges	17,594	55,709	73,303
Miscellaneous Expenses	28,042	18,397	46,439
Total Expenses by Function	<u>7,644,033</u>	<u>916,091</u>	<u>8,560,124</u>
Less: Accumulated Depreciation and Amortization	<u>-</u>	<u>10,732</u>	<u>10,732</u>
 Total Expenses Included in the Expense Section on the Statement of Activities	 <u>\$ 7,644,033</u>	 <u>\$ 926,823</u>	 <u>\$ 8,570,856</u>

**NEW YORK CITY CHURCH OF CHRIST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Ministry</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and Parsonage	\$ 3,114,728	\$ 434,132	\$ 3,548,860
Payroll Taxes and Employee Benefits	840,809	159,255	1,000,064
Rent	584,419	36,651	621,070
Insurance	-	78,300	78,300
Professional Fees	66,844	50,864	117,708
Telephone and Utilities	37,039	2,800	39,839
Youth Worker Screening	18,682	-	18,682
Supplies	42,572	4,253	46,825
Donations to Others	1,136,486	-	1,136,486
Gifts and Honoraria	10,885	-	10,885
Information Technology	34,516	5,980	40,496
Travel, Meals, and Lodging	548,917	1,683	550,600
Printing, Postage, and Shipping	1,534	1,241	2,775
Bank and Online Charges	9,512	49,383	58,895
Miscellaneous Expenses	30,359	14,244	44,603
Total Expenses by Function	<u>6,477,302</u>	<u>838,786</u>	<u>7,316,088</u>
Less: Accumulated Depreciation and Amortization	<u>-</u>	<u>7,818</u>	<u>7,818</u>
 Total Expenses Included in the Expense Section on the Statement of Activities	 <u><u>\$ 6,477,302</u></u>	 <u><u>\$ 846,604</u></u>	 <u><u>\$ 7,323,906</u></u>

NEW YORK CITY CHURCH OF CHRIST, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (428,251)	\$ (458,844)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation and Amortization	10,732	7,818
Realized and Unrealized Losses on Investments	(81,725)	198,741
Donated Securities	-	(23,287)
Proceeds from Sales of Donated Securities	-	22,649
Amortization of Discount of Beneficial Interest in a		
Charitable Lead Annuity Trust	(11,003)	(12,546)
Changes in Operating Assets and Liabilities:		
Account Receivable	(610,168)	-
Prepaid Expenses	22,312	68,850
Beneficial Interest in a Charitable Lead Annuity Trust	56,249	62,000
Right-of-Use Asset - Operating Lease	27,038	26,681
Accounts Payable and Accrued Liabilities	(77,382)	56,925
Lease Liability	7,911	(31,315)
Deferred Revenue	(30,788)	(1,747)
Funds Received in Advance	(24,996)	(13,848)
Net Cash Used by Operating Activities	(1,140,071)	(97,923)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the Maturity of Investments	1,007,692	650,000
Purchases of Investments	(268,416)	(750,000)
Purchases of Property and Equipment	(11,221)	(23,541)
Net Cash Provided (Used) by Investing Activities	728,055	(123,541)
 CHANGE IN CASH AND CASH EQUIVALENTS	(412,016)	(221,464)
Cash and Cash Equivalents - Beginning of Year	649,520	870,984
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 237,504	\$ 649,520

**NEW YORK CITY CHURCH OF CHRIST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

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 (IRC) and from state and local taxes under comparable laws.

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 nonprofit organizations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Church considers all highly liquid investments purchased with an original maturity of three months or less to be cash and cash equivalents.

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 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.

NEW YORK CITY CHURCH OF CHRIST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property 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 property 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. Leasehold improvements are amortized over the remaining lease term, or the useful lives of the improvements, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and, when triggering events indicate that the fair value of the long-lived assets may be less than the carrying value, recognizes any impairment in the year of determination. There were no triggering events during the years ending December 31, 2023 and 2022 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.

Deferred Revenue and Funds Received in Advance

Deferred revenue and funds received in advance consist of grants and contributions received for performance obligations occurring in future fiscal years. These amounts are reported as deferred revenue until the Church satisfies its performance obligations.

Leases

The Church determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets and lease liabilities on the statements of financial position. ROU assets represent the Church's right to use an underlying asset for the lease term and lease liabilities represent the Church's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Church uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Church will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Church has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The Church has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The Church's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

NEW YORK CITY CHURCH OF CHRIST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

In evaluating contracts to determine if they qualify as a lease, the Church considers factors such as if the Church has obtained substantially all of the rights to the underlying asset through exclusivity, if the Church can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In determining the discount rate used to measure the finance lease right-of-use asset and finance lease liability, the Church uses rates implicit in the lease. The individual operating lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Church has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Net Assets

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

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.

Net Assets With Donor Restrictions – Net assets with donor restrictions represent those resources that 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.

Revenue Recognition

Contributions

Contributions are recorded as revenue upon the receipt of cash or other assets, or of unconditional pledges. Conditional contributions are not recognized 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 for purpose or time by the donor. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions consist of the following categories:

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.

NEW YORK CITY CHURCH OF CHRIST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions (Continued)

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

Special Contributions – These are donations collected during the yearly special contribution in excess of the missions' needs. These contributions are allocated to the general operations of the Church.

Benevolence – These are donations from Church members that are designated for the poor and needy, through financial or material assistance. These contributions are reported as contributions with donor restrictions.

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 3). These contributions are reported as contributions with donor restrictions.

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 are based on the type of service rendered. Fees charged by 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.

Donations to Others

Donations to others consist of local benevolence, HOPE worldwide and missions. All donations to others are approved by the Trustees and paid during the same year or within the next year.

Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from outstanding balances. The Church charges uncollectible receivables to operations when determined to be uncollectible based on a combination of historical loss experience, current economic conditions, and forward-looking information. No allowance was deemed necessary as of December 31, 2023 and 2022.

Income Taxes

The Church is subject to the provisions of the Financial Accounting Standards Board (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, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the Church's program and supporting services 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 fundraising activities.

Board Designated Net Assets

At December 31, 2023 and 2022, the Church has a Board-Designated reserve of \$1,050,000 available for current operations. These funds are not restricted by donors and may be used at the discretion of the Trustees. As of December 31, 2023 and 2022, the Church had not utilized any of these funds.

Adoption of New Accounting Standards

The Church has adopted the current expected credit losses (CECL) methodology for estimating credit losses on financial assets, effective January 1, 2023, utilizing the modified retrospective transition method. The adoption of CECL resulted in changes to the Church's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. The Church has also updated its accounting policies for determining the recoverability of trade receivables, loans, and other financial assets. The adoption of this Standard did not have a material impact on the Church's financial statements but did change how the allowance for credit losses is determined.

Subsequent Events

The Church evaluated subsequent events to the statement of financial position date as of December 31, 2023 through September 3, 2024, the date on which the financial statements were available to be issued.

NOTE 2 INVESTMENTS AND BENEFICIAL INTEREST IN A CHARITABLE LEAD ANNUITY TRUST

Investments consisted of certificates of deposit with a fair value and cost of \$2,610,533 and \$2,750,000, respectively, as of December 31, 2023, and a fair value and cost of \$3,268,085 and \$3,500,000, respectively, as of December 31, 2022.

During each year, investment gains (losses) consisted of the following:

	<u>2023</u>	<u>2022</u>
Interest	\$ 35,199	\$ 22,523
Realized and Unrealized Gains (Losses)	81,725	(198,741)
Total	<u>\$ 116,924</u>	<u>\$ (176,218)</u>

NEW YORK CITY CHURCH OF CHRIST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 INVESTMENTS AND BENEFICIAL INTEREST IN A CHARITABLE LEAD ANNUITY TRUST (CONTINUED)

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 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

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.

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>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2023</u>				
Certificates of Deposit	\$ 2,610,533	\$ -	\$ -	\$ 2,610,533
Beneficial Interest in a Charitable Lead Annuity Trust	-	-	390,170	390,170
Total	<u>\$ 2,610,533</u>	<u>\$ -</u>	<u>\$ 390,170</u>	<u>\$ 3,000,703</u>
<u>December 31, 2022</u>				
Certificates of Deposit	\$ 3,268,085	\$ -	\$ -	\$ 3,268,085
Beneficial Interest in a Charitable Lead Annuity Trust	-	-	435,416	435,416
Total	<u>\$ 3,268,085</u>	<u>\$ -</u>	<u>\$ 435,416</u>	<u>\$ 3,703,501</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, 2023 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	\$ 390,170	Income Approach through Discounted Future Cash Flows	Growth Rate/ Discount Rate	4%

**NEW YORK CITY CHURCH OF CHRIST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 3 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 in quarterly installments for 20 years. The funds in the Trust are managed by an unrelated trustee.

During the years ending December 31, 2023 and 2022, the Church recognized changes in fair value from the Trust of approximately \$11,000 and \$13,000, respectively, representing the amortization of the present value of the estimated future annuity payments, using a discount rate of 4%. According to the amortization schedule, all interest payments have been received through 2023. The remaining annuity payments for 2019 through 2023 have not been received. The estimated fair value of the Church's interest in the Trust, as of December 31, 2023 and 2022, was \$390,170 and \$435,416, respectively.

NOTE 4 EMPLOYEE RETENTION CREDIT

During the year ended December 31, 2023, the Organization applied for revenue relating to Employee Retention Credits totaling \$601,806 under the CARES Act. Employee Retention Credits are refundable, federal payroll tax credits available to eligible employers whose business has been financially impacted by COVID-19. The Organization accounts for the funds as government grants in the accompanying statements of activities and changes in net assets. Employee Retention Credits receivable as of December 31, 2023 amounts to \$601,806 and is included in accounts and grants receivable in the accompanying statements of financial position.

NOTE 5 PROPERTY AND EQUIPMENT

As of December 31, the Church's property and equipment consisted of the following:

	2023	2022
Furniture and Equipment	\$ 271,240	\$ 260,019
Leasehold Improvements	6,637	6,637
Total	277,877	266,656
Less: Accumulated Depreciation and Amortization	(249,888)	(239,156)
Property and Equipment, Net	<u>\$ 27,989</u>	<u>\$ 27,500</u>

During 2022, the Church disposed of fully depreciated furniture and equipment with an original cost basis of \$3,361. There were no disposals during the year ended December 31, 2023.

NEW YORK CITY CHURCH OF CHRIST, INC.
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DECEMBER 31, 2023 AND 2022

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, net assets with donor restrictions were available to satisfy the following purposes:

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
Missions	\$ 477,659	\$ 512,701
Benevolence	213,450	268,538
Children's Programs	8,338	2,118
Fundraisers - Campus	10,784	1,494
Adoption Activities	10,279	10,280
Manhattan Facility Rentals	1,088	5,336
Total	<u>721,598</u>	<u>800,467</u>
Subject to the Passage of Time:		
Charitable Lead Annuity Trust	390,170	435,416
Total Net Assets With Donor Restrictions	<u>\$ 1,111,768</u>	<u>\$ 1,235,883</u>

Net assets released from restrictions consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Expiration of Time Restrictions	\$ 56,249	\$ 62,000
Satisfaction of Purpose Restrictions:		
Missions	1,034,043	842,411
Benevolence	318,670	295,512
Children's Programs	12,012	31,234
Fundraisers - Campus	40,962	1,125
Manhattan Facility Rentals	4,248	130
Total	<u>1,409,935</u>	<u>1,170,412</u>
Total Net Assets Released from Donor Restrictions	<u>\$ 1,466,184</u>	<u>\$ 1,232,412</u>

NOTE 7 RETIREMENT PLAN

The Church sponsors a tax-deferred annuity retirement plan established under Section 403(b) of the IRC. The Church provides a match for all employees who participate in the plan. Employer contributions to the plan for the years ending December 31, 2023 and 2022 were \$171,076 and \$160,878, respectively, and are recorded in payroll taxes and employee benefits on the statements of functional expenses.

**NEW YORK CITY CHURCH OF CHRIST, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 COMMITMENTS AND OTHER UNCERTAINTY

Lease Commitments

In May 2018, the Church extended its lease agreement for its corporate headquarters located at 400 Plaza Drive in Secaucus, New Jersey, for an additional five years through November 2023. In February 2022, the Church amended its lease agreement and extended the lease term through March 31, 2028.

Operating lease costs for the years ending December 31, 2023 and 2022 were \$28,854.

Operating cash flows during the years ending December 31, 2023 and 2022 were \$26,812 and 33,488, respectively.

As of December 31, 2023, the estimated future minimum lease payments required under this operating lease agreement were as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>		
2024	\$ 27,363		
2025	27,913		
2026	28,462		
2027	29,013		
2028	<u>7,287</u>		
Total	120,038		
Less: Amount Representing Interest	<u>(3,527)</u>		
Amount Reported on Statements of Financial Position	<u>\$ 116,511</u>		
		<u>2023</u>	<u>2022</u>
Weighted-Average Lease Term:			
Operating Leases		4.3 Years	7 Years
Weighted-Average Discount Rate:			
Operating Leases		1.42 %	1.42 %

In addition, in order to conduct its weekly services, the Church has entered into lease agreements with terms of 12 months or less for the use of various facilities throughout the New York/New Jersey metropolitan area. Rent expense for these facilities during the years ending December 31, 2023 and 2022 amounted to \$826,669 and \$562,735, respectively.

Rental expense for administrative offices during the years ending December 31, 2023 and 2022 was \$34,419 and \$41,285, respectively.

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.

**NEW YORK CITY CHURCH OF CHRIST, INC.
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NOTE 9 CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Church to concentrations of credit risk consist principally of cash deposited in financial institutions in amounts which, from time to time, may exceed federal insurance limits, and certificates of deposits. However, based on the current Federal Deposit Insurance Corporation coverage, management monitors the risk associated with concentrations on an ongoing basis and believes that the Church does not face a significant risk of loss on these accounts that might result from failures of the financial institutions.

NOTE 10 LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 237,504	\$ 649,520
Investments	2,610,533	3,268,085
Accounts and Grants Receivable	610,168	-
Total Financial Assets Available Within One Year	<u>3,458,205</u>	<u>3,917,605</u>
Less Amounts Unavailable for General Expenditures Within One Year Due to:		
Restriction by Donors for Specified Purpose	(721,598)	(800,467)
Amounts Unavailable to Management Without Board of Director's Approval:		
Board-Designated	<u>(1,050,000)</u>	<u>(1,050,000)</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,686,607</u>	<u>\$ 2,067,138</u>

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.



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