

**EISNERAMPER**

**NEW YORK CITY  
CHURCH OF CHRIST, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2022 and 2021



# NEW YORK CITY CHURCH OF CHRIST, INC.

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the New York City Church of Christ, Inc. (the "Church"), which comprise the statements of financial position as of December 31, 2022 and 2021, 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.

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, 2022 and 2021, 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.

#### ***Basis for Opinion***

We conducted our audits 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***

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.

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 that 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.

*EisnerAmper LLP*

EISNERAMPER LLP  
New York, New York  
July 17, 2023



# NEW YORK CITY CHURCH OF CHRIST, INC.

## Statements of Financial Position

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 649,520	\$ 870,984
Investments, at fair value	3,268,085	3,366,188
Prepaid expenses and other assets	169,989	238,839
Beneficial interest in a charitable lead annuity trust	435,416	484,870
Right-of-use asset – operating lease	146,141	-
Property and equipment, net	<u>27,500</u>	<u>11,777</u>
	<u>\$ 4,696,651</u>	<u>\$ 4,972,658</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 198,775	\$ 141,850
Lease liability	141,507	-
Deferred revenue	4,463	6,210
Funds received in advance	<u>55,959</u>	<u>69,807</u>
	<u>400,704</u>	<u>217,867</u>
Commitments and other uncertainty (see Note H)		
<b>NET ASSETS</b>		
Without donor restrictions:		
Operating assets	2,010,064	2,509,096
Board-designated	<u>1,050,000</u>	<u>1,050,000</u>
	3,060,064	3,559,096
With donor restrictions:		
Purpose and time restrictions	<u>1,235,883</u>	<u>1,195,695</u>
	<u>4,295,947</u>	<u>4,754,791</u>
	<u>\$ 4,696,651</u>	<u>\$ 4,972,658</u>

See notes to financial statements.

**NEW YORK CITY CHURCH OF CHRIST, INC.**

**Statements of Activities**

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues:</b>						
Weekly contributions	\$ 5,405,154	\$ -	\$ 5,405,154	\$ 5,804,156	\$ -	\$ 5,804,156
Mission contributions	-	935,000	935,000	-	785,000	785,000
Special contributions	152,913	-	152,913	445,660	-	445,660
Other contributions	2,277	15,811	18,088	11,481	5,447	16,928
Benevolence	-	309,243	309,243	-	354,191	354,191
Investment losses	(176,218)	-	(176,218)	(28,267)	-	(28,267)
Events fee income	208,336	-	208,336	19,385	-	19,385
Change in value of beneficial interest in a charitable lead annuity trust	-	12,546	12,546	-	14,029	14,029
Total public support and revenues before net assets released from restrictions	5,592,462	1,272,600	6,865,062	6,252,415	1,158,667	7,411,082
Net assets released from restrictions - satisfaction of restrictions	1,232,412	(1,232,412)	-	1,065,077	(1,065,077)	-
Total public support and revenues	6,824,874	40,188	6,865,062	7,317,492	93,590	7,411,082
<b>Expenses:</b>						
Program services - ministry	6,477,302	-	6,477,302	5,299,108	-	5,299,108
Supporting services - general and administrative	846,604	-	846,604	952,611	-	952,611
Total expenses	7,323,906	-	7,323,906	6,251,719	-	6,251,719
<b>Change in net assets</b>	(499,032)	40,188	(458,844)	1,065,773	93,590	1,159,363
Net assets, beginning of year	3,559,096	1,195,695	4,754,791	2,493,323	1,102,105	3,595,428
<b>Net assets, end of year</b>	\$ 3,060,064	\$ 1,235,883	\$ 4,295,947	\$ 3,559,096	\$ 1,195,695	\$ 4,754,791

See notes to financial statements.

**NEW YORK CITY CHURCH OF CHRIST, INC.**

**Statements of Functional Expenses**

	Year Ended December 31,					
	2022			2021		
	Program Services	Supporting Services	Total	Program Services	Supporting Services	Total
	Ministry	General and Administrative		Ministry	General and Administrative	
Salaries and parsonage	\$ 3,114,728	\$ 434,132	\$ 3,548,860	\$ 3,032,055	\$ 522,313	\$ 3,554,368
Payroll taxes and employee benefits	840,809	159,255	1,000,064	710,674	166,049	876,723
Rent	584,419	36,651	621,070	192,150	59,782	251,932
Insurance	-	78,300	78,300	-	70,488	70,488
Professional fees	66,844	50,864	117,708	58,892	53,744	112,636
Telephone and utilities	37,039	2,800	39,839	32,603	4,598	37,201
Youth worker screening	18,682	-	18,682	1,082	-	1,082
Supplies	42,572	4,253	46,825	27,711	471	28,182
Recruitment	-	-	-	1,026	-	1,026
Donations to others	1,136,486	-	1,136,486	1,019,512	-	1,019,512
Gifts and honoraria	10,885	-	10,885	9,449	-	9,449
Information technology	34,516	5,980	40,496	24,716	6,680	31,396
Travel, meals and lodging	548,917	1,683	550,600	160,465	742	161,207
Printing, postage and shipping	1,534	1,241	2,775	154	1,923	2,077
Bank and online charges	9,512	49,383	58,895	844	47,605	48,449
Miscellaneous expenses	30,359	14,244	44,603	27,775	12,224	39,999
Total expenses before depreciation and amortization	6,477,302	838,786	7,316,088	5,299,108	946,619	6,245,727
Depreciation and amortization	-	7,818	7,818	-	5,992	5,992
Total expenses	\$ 6,477,302	\$ 846,604	\$ 7,323,906	\$ 5,299,108	\$ 952,611	\$ 6,251,719

See notes to financial statements.

# NEW YORK CITY CHURCH OF CHRIST, INC.

## Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (458,844)	\$ 1,159,363
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	7,818	5,992
Non-cash lease amortization	26,681	-
Realized and unrealized losses on investments	198,741	42,365
Donated securities	(23,287)	-
Proceeds from sales of donated securities	22,649	-
Change in value of beneficial interest in a charitable lead annuity trust	(12,546)	(14,029)
Changes in:		
Prepaid expenses and other assets	68,850	12,564
Beneficial interest in a charitable lead annuity trust	62,000	43,500
Accounts payable and accrued liabilities	56,925	(1,072)
Lease liability	(31,315)	-
Deferred revenue	(1,747)	-
Funds received in advance	(13,848)	25,914
Net cash (used in) provided by operating activities	<u>(97,923)</u>	<u>1,274,597</u>
<b>Cash flows from investing activities:</b>		
Proceeds from the maturity of investments	650,000	1,650,000
Purchases of investments	(750,000)	(2,950,000)
Purchases of property and equipment	<u>(23,541)</u>	<u>(8,882)</u>
Net cash used in investing activities	<u>(123,541)</u>	<u>(1,308,882)</u>
<b>Net change in cash and cash equivalents</b>	<b>(221,464)</b>	<b>(34,285)</b>
Cash and cash equivalents at beginning of year	<u>870,984</u>	<u>905,269</u>
<b>Cash and cash equivalents at end of year</b>	<b>\$ <u>649,520</u></b>	<b>\$ <u>870,984</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Noncash lease liability arising from obtaining right-of-use asset	<u>\$ 172,822</u>	<u>\$ -</u>

See notes to financial statements.



# NEW YORK CITY CHURCH OF CHRIST, INC.

## Notes to Financial Statements December 31, 2022 and 2021

### 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 revenues 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 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] 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.

# NEW YORK CITY CHURCH OF CHRIST, INC.

## Notes to Financial Statements December 31, 2022 and 2021

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

#### [6] Property and equipment: (continued)

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 2022 or 2021 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] Leases:

The Church determines if an arrangement is a lease at inception. For the Church's operating lease, a right-of-use ("ROU") asset represents the Church's right to use an underlying asset for the lease term and an operating lease liability represents an obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. Since the Church's lease agreement does provide an implicit interest rate, the Church uses a risk-free rate based on the information available at the commencement date in determining the present value of the lease payments. Operating lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectations regarding the terms. Variable lease costs, such as operating costs, are expensed as incurred.

#### [8] 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 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."

## NEW YORK CITY CHURCH OF CHRIST, INC.

### Notes to Financial Statements December 31, 2022 and 2021

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

##### [9] 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 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 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. Missions 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. These contributions are allocated to the general operations of the Church.

###### d. 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.

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

###### (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 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.

##### [10] Donations to others:

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

# NEW YORK CITY CHURCH OF CHRIST, INC.

## Notes to Financial Statements December 31, 2022 and 2021

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

#### [11] 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.

#### [12] 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.

#### [13] Adoption of accounting principles:

##### *Leases:*

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases*, to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than 12 months on the statements of financial position. This accounting update also requires additional disclosures surrounding the amount, timing and uncertainty of cash flows arising from leases. The Church elected to adopt ASU 2016-02 as of January 1, 2022 on a prospective basis.

The Church has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Church accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether classification of the operating leases would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

The new lease standard also provides practical expedients for an entity's ongoing accounting. The Church elected the short-term lease recognition exemption, under which the Church will not recognize ROU assets or lease liabilities on new or existing short-term leases. Short-term leases are defined as those with a term of 12 months or less. The Church also elected the practical expedient to not separate lease and non-lease components for certain classes of assets.

As a result of the adoption of the new lease accounting guidance, the Church recognized on January 1, 2022 (a) a lease liability of \$172,822 which represented the present value of the remaining lease payments of \$180,338 discounted using the Church's incremental borrowing rate of 1.42%, and (b) a ROU of \$172,822. This standard did not have a material impact on the Church's statements of financial position or cash flows from operations and had no impact on the Church's statements of activities and changes in net assets. The most significant impact was the recognition of a ROU asset and lease obligation for an operating lease for year-end 2022.

**NEW YORK CITY CHURCH OF CHRIST, INC.**

**Notes to Financial Statements  
December 31, 2022 and 2021**

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

**[14] Reclassification:**

Certain amounts in the 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 July 17, 2023, the date on which the financial statements were available to be issued.

**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 \$3,268,085 and \$3,500,000, respectively, at December 31, 2022, and a fair value and cost of \$3,366,188 and \$3,400,000, respectively, at December 31, 2021.

During each year, investment losses consisted of the following:

	<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Interest	\$ 22,523	\$ 14,098
Realized and unrealized losses	<u>(198,741)</u>	<u>(42,365)</u>
	<u>\$ (176,218)</u>	<u>\$ (28,267)</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, 2022 and 2021

#### 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:

	December 31, 2022		
	Level 2	Level 3	Total
Certificates of deposit	<u>\$ 3,268,085</u>	<u>\$ -</u>	<u>\$ 3,268,085</u>
Total investments	3,268,085	-	3,268,085
Beneficial interest in a charitable lead annuity trust	<u>-</u>	<u>435,416</u>	<u>435,416</u>
Total	<u>\$ 3,268,085</u>	<u>\$ 435,416</u>	<u>\$ 3,703,501</u>

	December 31, 2021		
	Level 2	Level 3	Total
Certificates of deposit	<u>\$ 3,366,188</u>	<u>\$ -</u>	<u>\$ 3,366,188</u>
Total investments	3,366,188	-	3,366,188
Beneficial interest in a charitable lead annuity trust	<u>-</u>	<u>484,870</u>	<u>484,870</u>
Total	<u>\$ 3,366,188</u>	<u>\$ 484,870</u>	<u>\$ 3,851,058</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, 2022 are as follows:

Type	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Charitable lead annuity trust	\$ 435,416	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 20 years. The funds in the Trust are managed by an unrelated trustee.

During 2022 and 2021, the Church recognized changes in fair value from the Trust of approximately \$13,000 and \$14,000, 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 2022. The remaining annuity payments for 2018 through 2022 have not been received. The estimated fair value of the Church's interest in the Trust, as of December 31, 2022 and 2021, was \$435,416 and \$484,870, respectively.

## NEW YORK CITY CHURCH OF CHRIST, INC.

### Notes to Financial Statements December 31, 2022 and 2021

#### NOTE D - PROPERTY AND EQUIPMENT

At December 31, 2022 and 2021, the Church's property and equipment consisted of the following:

	December 31,	
	2022	2021
Furniture and equipment	\$ 260,019	\$ 246,476
Leasehold improvements	<u>6,637</u>	<u>-</u>
	266,656	246,476
Less: accumulated depreciation and amortization	<u>(239,156)</u>	<u>(234,699)</u>
	<u>\$ 27,500</u>	<u>\$ 11,777</u>

During 2022, the Church disposed of fully depreciated furniture and equipment with an original cost basis of \$3,361.

#### NOTE E - DEFERRED REVENUE

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

	December 31,	
	2022	2021
Deferred revenue, beginning of year	\$ 6,210	\$ 1,825
Revenue recognized that was included in the deferred at the beginning of the year	(6,210)	(1,825)
Increase in deferred revenue due to cash received during the period	<u>4,463</u>	<u>6,210</u>
Deferred revenue, end of year	<u>\$ 4,463</u>	<u>\$ 6,210</u>

There were no other significant contract liabilities or assets at December 31, 2022 or 2021.

## NEW YORK CITY CHURCH OF CHRIST, INC.

### Notes to Financial Statements December 31, 2022 and 2021

#### NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31,	
	2022	2021
Specific programs:		
Missions	\$ 512,701	\$ 420,112
Benevolence	268,538	254,807
Children's programs	3,612	21,626
Adoption activities	10,280	10,280
Manhattan facility rentals	<u>5,336</u>	<u>4,000</u>
Total specific programs	<u>800,467</u>	<u>710,825</u>
Time-restricted:		
Charitable lead annuity trust (see Note C)	<u>435,416</u>	<u>484,870</u>
	<u>\$ 1,235,883</u>	<u>\$ 1,195,695</u>

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

	Year Ended December 31,	
	2022	2021
Specific programs:		
Missions	\$ 842,411	\$ 692,678
Benevolence	295,512	328,899
Children's programs	31,234	-
Fundraisers - campus	1,125	-
Manhattan facility rentals	<u>130</u>	<u>-</u>
Total specific programs	<u>1,170,412</u>	<u>1,021,577</u>
Time-restricted:		
Charitable lead annuity trust (see Note C)	<u>62,000</u>	<u>43,500</u>
	<u>\$ 1,232,412</u>	<u>\$ 1,065,077</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 who participate in the plan. Employer contributions to the plan for 2022 and 2021 were \$160,878 and \$104,306, respectively.



## NEW YORK CITY CHURCH OF CHRIST, INC.

### Notes to Financial Statements December 31, 2022 and 2021

#### NOTE H - COMMITMENTS AND OTHER UNCERTAINTY

##### [1] 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 2022 and 2021 were \$28,854 (including variable costs, if any).

As of December 31, 2022, the estimated future minimum lease payments required under this operating lease agreement were as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 26,812
2024	27,363
2025	27,913
2026	28,462
2027	29,013
Thereafter	<u>7,288</u>
	146,850
Less: amount representing interest	<u>(5,343)</u>
Amount reported on statement of financial position	<u>\$ 141,507</u>
 <b>Weighted-average remaining lease term:</b>	
Operating lease	7 years (63 months)
 <b>Weighted-average discount rate:</b>	
Operating lease	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 for 2022 and 2021 amounted to \$562,735 and \$184,019, respectively.

Rental expense for administrative offices for 2022 and 2021 was \$41,285 and \$59,782, respectively.

##### [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.

# NEW YORK CITY CHURCH OF CHRIST, INC.

## Notes to Financial Statements December 31, 2022 and 2021

### NOTE H - COMMITMENTS AND OTHER UNCERTAINTY (CONTINUED)

#### [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 is impacted for an extended period, results of operations may be materially adversely affected.

### NOTE I - 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 J - 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:

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 649,520	\$ 870,984
Investments	<u>3,268,085</u>	<u>3,366,188</u>
Total financial assets available within one year	<u>3,917,605</u>	<u>4,237,172</u>
Less: amounts unavailable for general expenditures within one year, due to:		
Restriction by donors with purpose restrictions	<u>(800,467)</u>	<u>(710,825)</u>
Amounts unavailable to management without Board'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>\$ 2,067,138</u>	<u>\$ 2,476,347</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.