




New York City Mission Society

Independent Auditor's Report and Financial Statements

June 30, 2023



New York City Mission Society

June 30, 2023

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Independent Auditor's Report

Board of Directors
New York City Mission Society
New York, New York

Opinion

We have audited the financial statements of New York City Mission Society, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of New York City Mission Society as of June 30, 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of New York City Mission Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 New York City Mission Society's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 New York City Mission Society'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 New York City Mission Society'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.

Report on Summarized Comparative Information

We have previously audited the June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

FORVIS,LLP

New York, New York
December 5, 2023

New York City Mission Society
Statement of Financial Position
June 30, 2023
(With Summarized Financial Information for June 30, 2022)

	2023	2022
Assets		
Cash	\$ 1,693,820	\$ 1,386,893
Grants receivable	3,644,192	2,756,010
Contribution receivable	130,738	35,575
Prepaid expenses	109,543	35,882
Investments	39,818,222	37,091,339
Property and equipment, net	578,708	734,587
Beneficial interest in perpetual trust	6,246,862	5,976,692
Total assets	\$ 52,222,085	\$ 48,016,978
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 602,180	\$ 692,404
Total liabilities	602,180	692,404
 Net Assets		
Without donor restrictions	38,709,986	34,572,674
With donor restrictions		
Perpetual in nature	11,356,551	11,086,381
Endowment accumulated investment gains	1,538,368	1,112,908
Purpose restrictions	15,000	552,611
Net assets with donor restrictions	12,909,919	12,751,900
Total net assets	51,619,905	47,324,574
Total liabilities and net assets	\$ 52,222,085	\$ 48,016,978

New York City Mission Society
Statement of Activities
Year Ended June 30, 2023
(With Summarized Financial Information for the Year Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
Operating Revenues, Gains, and Other Support				
Contributions	\$ 447,151	\$ -	\$ 447,151	\$ 618,518
Contributed services	162,008	-	162,008	217,751
Grants from government agencies	10,774,823	-	10,774,823	7,753,700
Investment income from beneficial interest in perpetual trust	286,299	-	286,299	213,886
Occupancy and other income	1,181,410	-	1,181,410	879,539
Gain on forgiveness of loan	-	-	-	1,260,945
Net assets released from restrictions	537,611	(537,611)	-	-
Total operating revenues, gains, and other support	13,389,302	(537,611)	12,851,691	10,944,339
Operating Expenses				
Program services				
Youth and family programs	4,004,920	-	4,004,920	3,244,250
Young adult programs	5,358,920	-	5,358,920	4,583,720
Total program services	9,363,840	-	9,363,840	7,827,970
Supporting services				
Management and general	1,663,407	-	1,663,407	1,858,227
Fundraising and public relations	526,166	-	526,166	583,008
Total operating expenses	11,553,413	-	11,553,413	10,269,205
Change in Net Assets from Operations	1,835,889	(537,611)	1,298,278	675,134
Nonoperating Revenues and Gains (Losses)				
Investment return	2,301,423	425,460	2,726,883	(5,649,621)
Gain (loss) on beneficial interest in perpetual trust	-	270,170	270,170	(1,376,396)
Total nonoperating revenues and gains (losses)	2,301,423	695,630	2,997,053	(7,026,017)
Change in Net Assets	4,137,312	158,019	4,295,331	(6,350,883)
Net Assets, Beginning of Year	34,572,674	12,751,900	47,324,574	53,675,457
Net Assets, End of Year	\$ 38,709,986	\$ 12,909,919	\$ 51,619,905	\$ 47,324,574

New York City Mission Society
Statement of Functional Expenses
Year Ended June 30, 2023
(With Summarized Financial Information for the Year Ended June 30, 2022)

	Program Services			Supporting Services			Total	
	Youth and Family Programs	Young Adult Programs	Total	Management and General	Fundraising and Public Relations	Total	2023	2022
Salaries	\$ 2,705,092	\$ 3,352,652	\$ 6,057,744	\$ 960,270	\$ 255,117	\$ 1,215,387	\$ 7,273,131	\$ 6,341,849
Payroll taxes	265,322	359,856	625,178	33,189	23,321	56,510	681,688	613,136
Fringe benefits	287,712	395,007	682,719	97,793	67,982	165,775	848,494	567,250
Total personal services	3,258,126	4,107,515	7,365,641	1,091,252	346,420	1,437,672	8,803,313	7,522,235
Professional fees and contracted services	35,621	47,888	83,509	358,495	143,423	501,918	585,427	599,020
Participant scholarship/stipends	-	188,239	188,239	-	-	-	188,239	220,060
Client needs and incentives	163,323	231,569	394,892	-	-	-	394,892	309,527
Supplies	164,641	76,890	241,531	22,179	-	22,179	263,710	252,642
Food	70,355	106,868	177,223	960	-	960	178,183	116,247
Postage	653	1,288	1,941	1,753	10	1,763	3,704	6,222
Printing and training materials	-	736	736	983	175	1,158	1,894	7,344
Marketing and public relations	-	-	-	120	-	120	120	-
Occupancy	2,337	75	2,412	31,337	-	31,337	33,749	16,266
Maintenance and repairs	33,545	75,631	109,176	43,216	2,875	46,091	155,267	144,655
Equipment lease and rental	23,026	56,041	79,067	2,340	-	2,340	81,407	77,549
Telephone	23,609	59,153	82,762	24,823	6,935	31,758	114,520	114,061
Commercial insurance	55,990	212,268	268,258	6,030	3,395	9,425	277,683	267,770
Staff travel and messenger	1,871	3,548	5,419	731	-	731	6,150	10,478
Transportation	43,745	26,026	69,771	-	-	-	69,771	24,589
Staff training and development	2,568	4,450	7,018	3,748	-	3,748	10,766	62,390
Meetings, ads, dues, and subscriptions	21,094	38,819	59,913	32,924	19,885	52,809	112,722	147,896
Bank fees and payroll charges	33,525	51,025	84,550	7,070	3,048	10,118	94,668	85,134
Miscellaneous	-	-	-	-	-	-	-	96,786
Total expenses before depreciation	3,934,029	5,288,029	9,222,058	1,627,961	526,166	2,154,127	11,376,185	10,080,871
Depreciation	70,891	70,891	141,782	35,446	-	35,446	177,228	188,334
Total functional expenses	\$ 4,004,920	\$ 5,358,920	\$ 9,363,840	\$ 1,663,407	\$ 526,166	\$ 2,189,573	\$11,553,413	\$10,269,205

New York City Mission Society
Statement of Cash Flows
Year Ended June 30, 2023
(With Summarized Financial Information for the Year Ended June 30, 2022)

	2023	2022
Operating Activities		
Change in net assets	\$ 4,295,331	\$ (6,350,883)
Items not requiring (providing) operating cash flows		
Depreciation	177,228	188,334
Net realized and unrealized loss (gain) on investments	(2,622,763)	7,178,732
Loss (gain) on beneficial interest in perpetual trust	(270,170)	1,376,396
Gain on forgiveness of loan	-	(1,260,945)
Changes in		
Grants receivable	(888,182)	(1,632,045)
Contribution receivable	(95,163)	37,585
Prepaid expenses	(73,661)	62,854
Accounts payable and accrued expenses	(90,224)	(234,970)
	432,396	(634,942)
Net cash provided by (used in) operating activities		
Investing Activities		
Purchase of investments	(41,427,029)	(47,513,474)
Proceeds from sales of investments	41,322,909	45,890,143
Purchase of property and equipment	(21,349)	(39,304)
	(125,469)	(1,662,635)
Net cash used in investing activities		
Net Change in Cash	306,927	(2,297,577)
Cash, Beginning of Year	1,386,893	3,684,470
Cash, End of Year	\$ 1,693,820	\$ 1,386,893

New York City Mission Society

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

New York City Mission Society (the Society) operates as a not-for-profit social service organization. Since 1812, the Society has worked to end intergenerational poverty by building life-long educational capacity for New York's most vulnerable youth and families. Today, the Society provides thousands of young people and parents with a progressive suite of education and career readiness programs and counseling at their flagship building on Malcolm X Boulevard and 13 public school programs in Harlem, the Bronx, Brooklyn, and Chinatown. The Society is supported primarily by grants from government agencies, investment income, and contributions.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

Uninvested cash and cash equivalents included in investment accounts, including endowment accounts, are not considered to be cash.

On June 30, 2023, the Society's cash accounts exceeded federally insured limits by approximately \$2,100,000.

Investments

The Society measures securities, other than investments that qualify for the equity method of accounting, at fair value. Investments in real estate funds, private comingled funds, and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments.

Investment Return

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statement of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

New York City Mission Society

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

The Society maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

Grants Receivable

Grants receivable from government agencies are recorded when services are rendered or qualifying expenses are incurred. The Society determines whether an allowance for uncollectibles should be provided for grants receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent collections, and historical information. Grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of June 30, 2023 and 2022, the Society had no allowance for doubtful accounts.

Property and Equipment

Property and equipment acquisitions over \$5,000 are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building and improvements	3–50 years
Equipment	3–5 years

Long-Lived Asset Impairment

The Society evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2023 and 2022.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

New York City Mission Society

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity but permit the Society to use or expend part or all of the income derived from the resources for either specified or unspecified purposes. Net assets with donor restrictions also include the Society's beneficial interest in a perpetual trust.

Contributions

Contributions are provided to the Society either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Society overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service. As of June 30, 2023 and 2022, contributions receivable do not have any donor restrictions.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

New York City Mission Society

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Grants from Government Agencies

Support funded by government agencies is recognized as the Society performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Society is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. The Society is also exempt from New York State and New York City income and sales taxes. However, the Society is subject to federal income tax on any unrelated business taxable income.

The Society files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on actual expenditures and cost allocations estimated by the Society's personnel based on square footage, time spent, and other methods.

Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

New York City Mission Society

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Note 2: Property and Equipment

Property and equipment at June 30, 2023 and 2022 consists of:

	<u>2023</u>	<u>2022</u>
Land	\$ 210,000	\$ 210,000
Buildings and improvements	3,250,846	3,229,497
Equipment	<u>898,961</u>	<u>898,961</u>
	4,359,807	4,338,458
Less accumulated depreciation	<u>3,781,099</u>	<u>3,603,871</u>
	<u>\$ 578,708</u>	<u>\$ 734,587</u>

The Society leases space in accordance with the terms of the lease agreement (see *Note 12*).

Leased assets cost and accumulated depreciation at June 30 consists of:

	<u>2023</u>	<u>2022</u>
Buildings and improvements	\$ 3,250,846	\$ 3,229,498
Less accumulated depreciation	<u>2,915,333</u>	<u>2,779,289</u>
	<u>\$ 335,513</u>	<u>\$ 450,209</u>

Note 3: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets

New York City Mission Society

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2023 and 2022:

	2023			
	Total Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Equities	\$ 11,070,353	\$ 11,070,353	\$ -	\$ -
Fixed income	8,231,599	8,231,599	-	-
U.S. Treasuries	745,463	745,463	-	-
	<u>20,047,415</u>	<u>\$ 20,047,415</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and cash equivalents	<u>1,558,232</u>			
Investments measured at net asset value (A)				
Hedge funds	7,939,364			
Private comingled funds	6,668,413			
Real estate fund	1,943,437			
Private equity/credit	<u>1,661,361</u>			
	<u>18,212,575</u>			
Total investments	<u>\$ 39,818,222</u>			
Beneficial interest in perpetual trust	<u>\$ 6,246,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,246,862</u>

New York City Mission Society

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

	2022			
	Total Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Equities	\$ 8,050,086	\$ 8,050,086	\$ -	\$ -
Fixed income	5,313,441	5,313,441	-	-
	<u>13,363,527</u>	<u>\$ 13,363,527</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and cash equivalents	<u>4,332,682</u>			
Investments measured at net asset value (A):				
Hedge funds	9,782,806			
Private comingled funds	5,304,323			
Real estate fund	3,405,549			
Private equity/credit	902,452			
	<u>19,395,130</u>			
Total investments	<u>\$ 37,091,339</u>			
Beneficial interest in perpetual trust	<u>\$ 5,976,692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,976,692</u>

(A) In accordance with Subtopic 820-10, certain investments that are measured at fair value using NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2023 and 2022. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

New York City Mission Society

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Beneficial Interest in Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Alternative Investments

Investments in certain entities measured at fair value using NAV per share as a practical expedient consist of the following:

	2023			
	Fair Value	Redemption Frequency	Redemption Notice Period	Unfunded Commitments
Hedge funds (A)	\$ 7,939,364	Monthly	30–120 days	
Private commingled funds (B)	6,668,413	Monthly/Quarterly	30–60 days	
Real estate fund (C)	1,943,437	Quarterly	30–90 days	
Private equity/credit (D)	<u>1,661,361</u>	Illiquid	NA	\$ 2,774,717
	<u>\$ 18,212,575</u>			

	2022			
	Fair Value	Redemption Frequency	Redemption Notice Period	Unfunded Commitments
Hedge funds (A)	\$ 9,782,806	Monthly/Quarterly	30–120 days	
Private commingled funds (B)	5,304,323	Monthly/Quarterly	2–60 days	
Real estate fund (C)	3,405,549	Daily/Quarterly	2–90 days	
Private equity/credit (D)	<u>902,452</u>	Illiquid	NA	\$ 2,133,332
	<u>\$ 19,395,130</u>			

- (A) This class includes investments in hedge fund strategies, including equity, fixed income, and global macro style strategies. The funds generally may invest in a wide variety of financial instruments, including derivatives. Valuations are measured at net asset value using practical expediency.

New York City Mission Society

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

- (B) This class consists of investments in private fund vehicles which follow a long-only strategy in public markets, including equity and fixed income.
- (C) This class consists of investments in real estate private fund vehicles which typically hold a mix of commercial real estate property types and may include leverage.
- (D) This class consists of investments in drawdown vehicles which invest in equity or debt of private companies and call capital from the investor during the investment period while distributing proceeds during the harvest years. Expenses may be called outside of commitments.

Note 4: Beneficial Interest in Perpetual Trust

The Society is the beneficiary under a perpetual trust administered by an outside party. Under the terms of the trust, the Society has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is \$6,246,862 and \$5,976,692, which represents the fair value of the trust assets at June 30, 2023 and 2022, respectively. The income (loss) from this trust for the years ended June 30, 2023 and 2022 was \$270,170 and \$(1,376,396), respectively.

Note 5: Loan Payable

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act*. On February 16, 2021, the Society received a second loan in the amount of \$1,260,945 (PPP 2) pursuant to the Paycheck Protection Program. The Society has elected to account for the funding as a loan in accordance with Accounting Standards Codification Topic 470, *Debt*. Forgiveness of the loan was recognized as a gain in the financial statements in the period the debt is legally released. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to any gain recognized.

On November 8, 2021, the Society received a notice of full forgiveness on PPP 2, recognizing revenue of \$1,260,945 and is reflected as a gain on forgiveness of loan in the statement of activities as of June 30, 2022.

Note 6: Line of Credit

The Society has a \$500,000 revolving bank line of credit without a formal expiration date. There were no borrowings against this line. The line was collateralized by substantially all of the Society's assets. Interest was at the adjusted Prime Rate plus .25%, which was 8.5% and 5% at June 30, 2023 and 2022, respectively. Based on the renewal agreement, written notice will be provided to the Society when the financial institution decides to terminate the agreement.

New York City Mission Society

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Note 7: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2023 and 2022 are restricted for the following purposes:

	2023	2022
Subject to expenditure for specified purpose		
Renovations and aquaponic lab program	\$ 15,000	\$ 15,000
Power Academy programs	-	537,611
	15,000	552,611
 Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Scholarships	1,342,689	1,342,689
Available for general use	3,767,000	3,767,000
	5,109,689	5,109,689
Subject to NFP endowment spending policy and appropriation		
Scholarships	1,270,391	1,307,602
General operations	257,977	(204,694)
Other	10,000	10,000
	1,538,368	1,112,908
Total endowments	6,648,057	6,222,597
Not subject to spending policy or appropriation		
Beneficial interest in perpetual trust	6,246,862	5,976,692
	\$ 12,909,919	\$ 12,751,900

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets released from restrictions for the year ended June 30, 2023 were \$537,611 for mental health supports for children and employees.

New York City Mission Society

Notes to Financial Statements

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(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Note 8: Endowment

The Society's Board of Directors has interpreted the *New York Prudent Management of Institutional Funds Act* (NYPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. NYPMIFA moves away from the "historical dollar value" standard and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Society is now governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of 7% of the average of its previous five years' balance. As a result of this interpretation, the Society classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with NYPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Society and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Society
7. Investment policies of the Society

The Society's endowment consists of individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of donor-restricted net assets by type of endowment fund at June 30, 2023 and 2022 were:

	<u>2023</u>	<u>2022</u>
Donor-restricted endowment funds		
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	\$ 5,109,689	\$ 5,109,689
Accumulated investment gains	<u>1,538,368</u>	<u>1,112,908</u>
Total endowment funds	<u>\$ 6,648,057</u>	<u>\$ 6,222,597</u>

New York City Mission Society

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Changes in donor-restricted endowment net assets for the years ended June 30, 2023 and 2022 were:

	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning of year	\$ 6,222,597	\$ 7,338,912
Interest and dividend income	88,386	63,342
Net realized and unrealized gains (losses)	367,062	(1,146,489)
Investment fees	<u>(29,988)</u>	<u>(33,168)</u>
Endowment net assets, end of year	<u>\$ 6,648,057</u>	<u>\$ 6,222,597</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Society is required to retain as a fund of perpetual duration pursuant to donor stipulation or NYPMIFA. There was no deficiency at June 30, 2023, while the endowments available for general use were underwater by approximately \$205,000.

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Society must hold in perpetuity or for donor-specified periods. This objective assumes that withdrawals from the fund will average, long-term, no more than 6% of the fund's value over time. Generally, the Board will approve a spending policy limiting annual expenditures for grants and operating expenses to 5% to 7% of the value of fund assets based on a twelve (12) quarter rolling average. There were no appropriations in fiscal years 2023 and 2022. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Society relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). Under the Society's policies, endowment assets are invested in a manner that is intended to produce results to achieve its long-term return objectives within prudent risk constraints.

New York City Mission Society

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Note 9: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 and 2022, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash	\$ 1,693,820	\$ 1,386,893
Grants receivable	3,644,192	2,756,010
Contribution receivable	130,738	35,575
Investments	<u>39,818,222</u>	<u>37,091,339</u>
	45,286,972	41,269,817
Donor-imposed restrictions		
Purpose restricted and endowment funds	<u>(6,663,057)</u>	<u>(6,775,208)</u>
Net financial assets available to meet cash needs for general expenditures within one year	<u>\$ 38,623,915</u>	<u>\$ 34,494,609</u>

The Society manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Society forecasts its future cash flows and monitors its liquidity.

Note 10: Retirement Plan

403(b) Plan

The Society has a 403(b) plan that covers eligible employees. Effective July 1, 2018, the Society's match of elective deferrals of compensation was amended to an annual discretionary match. All full-time employees who have worked for the Society for at least three months will be eligible for the employer contributions. For the years ended June 30, 2023 and 2022, the Board approved a 5% match. Effective January 1, 2023, the Society amended its adoption agreement to a safe harbor nonelective contribution plan to make a nonelective contributions in an amount determined each year based on a percentage of compensation. Effective January 2023, the nonelective contribution was 5%. In addition, in 2023, a one-time discretionary match of 5% was made to all eligible staff retroactively based on their prior year salaries in the total amount of \$202,533. The expense related to this plan for the years ended June 30, 2023 and 2022 was \$375,052 and \$155,612, respectively.

New York City Mission Society

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Note 11: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Grants

Approximately 85% and 99% of all grants receivable was due from two governmental agencies at June 30, 2023 and 2022, respectively, and approximately 98% and 91% of all grant revenues were from three and two governmental agencies for the years ended June 30, 2023 and 2022, respectively.

Litigation

The Society is subject to other claims and lawsuits that arose primarily in the ordinary course of its activities. While certain amounts have been recorded for possible losses, it is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the statement of financial position, change in net assets, and cash flows of the Society. Events could occur that would change this estimate materially in the near term.

Investments

The Society invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities can occur in the near term and that such change could materially affect the amounts reported in the accompanying statement of financial position.

Note 12: Occupancy Income

Commencing October 1, 2021, the Society entered into a lease agreement for space and facilities management services. The corresponding income was \$1,180,697 for the year ended June 30, 2023.

Future minimum lease payments at June 30, 2023 were:

2024	\$ 1,187,911
2025	1,208,039
2026	1,228,689
2027	<u>308,471</u>
	<u>\$ 3,933,110</u>

New York City Mission Society

Notes to Financial Statements

June 30, 2023

(With Summarized Financial Information as of and for the Year Ended June 30, 2022)

Note 13: Contributed Nonfinancial Services

For the years ended June 30, 2023 and 2022, contributed nonfinancial services recognized within the statement of activities included pro-bono legal services in the amounts of \$162,008 and \$217,751, respectively.

The nonfinancial services listed above were recognized within revenue. Unless otherwise noted, contributed nonfinancial services did not have donor-imposed restrictions.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

Note 14: Subsequent Events

Subsequent events have been evaluated through December 5, 2023, which is the date the financial statements were available to be issued.