



GOODWILL RESCUE MISSION, INC. (A  
Subsidiary of Christian Herald Association, Inc.)

Financial Statements  
With Independent Auditors' Report

September 30, 2021 and 2020

# GOODWILL RESCUE MISSION, INC.

(A Subsidiary of Christian Herald Association, Inc.)

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## INDEPENDENT AUDITORS' REPORT

Board of Directors

Goodwill Rescue Mission, Inc. (A Subsidiary of Christian Herald Association, Inc.)

Newark, New Jersey

We have audited the accompanying financial statements of Goodwill Rescue Mission Inc. (a subsidiary of Christian Herald Association, Inc.), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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.

### *Auditors' Responsibility*

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

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

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

Board of Directors  
Goodwill Rescue Mission, Inc. (A Subsidiary of Christian Herald Association, Inc.)  
Newark, New Jersey

***Opinion***

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Goodwill Rescue Mission, Inc. (a subsidiary of Christian Herald Association, Inc.) as of September 30, 2021 and 2020, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

New York, New York  
July 8, 2022

# GOODWILL RESCUE MISSION, INC.

(A Subsidiary of Christian Herald Association, Inc.)

## Statements of Financial Position

	September 30,	
	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 291,055	\$ 405,768
Due from related organizations (Note 10)	5,913	21,374
Prepaid expenses	4,137	1,091
Deposits and other assets	-	6,840
Investments	78,744	-
Land, buildings and equipment-net	2,260,014	2,382,017
Total Assets	<u>\$ 2,639,863</u>	<u>\$ 2,817,090</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 8,048	\$ 38,842
Due to related organizations (Note 10)	480,643	514,514
Paycheck Protection Program loan	-	126,940
Line of credit payable	-	97,789
Total liabilities	<u>488,691</u>	<u>778,085</u>
Net assets:		
Without donor restrictions	2,072,428	2,039,005
With donor restrictions	78,744	-
Total net assets	<u>2,151,172</u>	<u>2,039,005</u>
Total Liabilities and Net Assets	<u>\$ 2,639,863</u>	<u>\$ 2,817,090</u>

See notes to financial statements

# GOODWILL RESCUE MISSION, INC.

(A Subsidiary of Christian Herald Association, Inc.)

## Statements of Activities

	Year Ended September 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS:</b>						
Contributions	\$ 337,286	\$ -	\$ 337,286	\$ 1,633,219	\$ -	\$ 1,633,219
Gifts-in-kind	-	-	-	173,952	-	173,952
Investment income (loss)	-	937	937	(172)	-	(172)
Gain on extinguishment of debt (Note 2)	115,000	-	115,000	-	-	-
Other income (loss)	(9,262)	-	(9,262)	15,291	-	15,291
Reclassifications	(77,807)	77,807	-	-	-	-
<b>Total Support, Revenue and Reclassifications</b>	<b>365,217</b>	<b>78,744</b>	<b>443,961</b>	<b>1,822,290</b>	<b>-</b>	<b>1,822,290</b>
<b>EXPENSES:</b>						
Program services	240,461	-	240,461	828,294	-	828,294
Supporting services:						
Management and general	21,233	-	21,233	58,939	-	58,939
Fundraising	70,100	-	70,100	307,224	-	307,224
Total supporting activities	91,333	-	91,333	366,163	-	366,163
<b>Total Expenses</b>	<b>331,794</b>	<b>-</b>	<b>331,794</b>	<b>1,194,457</b>	<b>-</b>	<b>1,194,457</b>
Change in Net Assets	33,423	78,744	112,167	627,833	-	627,833
Net Assets, Beginning of Year	2,039,005	-	2,039,005	1,411,172	-	1,411,172
Net Assets, End of Year	<b>\$ 2,072,428</b>	<b>\$ 78,744</b>	<b>\$ 2,151,172</b>	<b>\$ 2,039,005</b>	<b>\$ -</b>	<b>\$ 2,039,005</b>

See notes to financial statements

# GOODWILL RESCUE MISSION, INC.

(A Subsidiary of Christian Herald Association, Inc.)

## Statements of Cash Flows

	Year Ended September 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 112,167	\$ 627,833
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	122,003	123,462
Extinguishment of paycheck protection program loan (Note 2)	(115,000)	-
Changes in:		
Due from related organizations	15,461	(21,374)
Prepaid expenses	(3,046)	562
Deposits and other assets	6,840	-
Accounts payable and accrued expenses	(30,794)	(102,594)
Due to related organizations	(33,871)	(453,710)
Net Cash Provided by Operating Activities	<u>73,760</u>	<u>174,179</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(78,744)	-
Net Cash Used by Investing Activities	<u>(78,744)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on line of credit	(97,789)	(100,231)
Proceeds from Paycheck Protection Program loan	-	126,940
Principal payments on Paycheck Protection Program loan	(11,940)	-
Net Cash Provided (Used) by Investing Activities	<u>(109,729)</u>	<u>26,709</u>
Change in Cash and Cash Equivalents	(114,713)	200,888
Cash and Cash Equivalents, Beginning of Year	<u>405,768</u>	<u>204,880</u>
Cash and Cash Equivalents, End of Year	<u>\$ 291,055</u>	<u>\$ 405,768</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid for interest	<u>\$ 2,587</u>	<u>\$ 8,077</u>
Non-cash financing transactions:		
Paycheck Protection Program loan forgiveness recognized as gain on extinguishment of debt (Note 2)	<u>\$ 115,000</u>	<u>\$ -</u>

See notes to financial statements

## GOODWILL RESCUE MISSION, INC.

(A Subsidiary of Christian Herald Association, Inc.)

### Statement of Functional Expenses

Year Ended September 30, 2021

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Total Supporting Services	
Salaries and benefits	\$ 55,936	\$ 6,597	\$ 27,833	\$ 34,430	\$ 90,366
Occupancy	26,941	-	4,295	4,295	31,236
Advertising and promotion	-	-	541	541	541
Professional fees, consulting and outside services	3,567	7,016	19,817	26,833	30,400
Program and general supplies	946	1	9	10	956
Printing and postage	144	1	3,375	3,376	3,520
Interest	-	2,587	-	2,587	2,587
Insurance	22,763	865	-	865	23,628
Travel and transportation	2,165	6	54	60	2,225
Telephone and communications	1,391	51	132	183	1,574
Equipment and maintenance	3,842	66	2,605	2,671	6,513
Staff training and development	369	45	102	147	516
Dues, subscriptions, and books	86	7	378	385	471
Bank and credit card fees	2	3,986	10,933	14,919	14,921
Other expenses	306	5	26	31	337
Depreciation	122,003	-	-	-	122,003
	\$ 240,461	\$ 21,233	\$ 70,100	\$ 91,333	\$ 331,794
Total Expenses	\$ 240,461	\$ 21,233	\$ 70,100	\$ 91,333	\$ 331,794

See notes to financial statements



## GOODWILL RESCUE MISSION, INC.

(A Subsidiary of Christian Herald Association, Inc.)

### Statement of Functional Expenses

Year Ended September 30, 2020

	Program Services	Supporting Services		Total Supporting Services	Total
		Management and General	Fundraising		
Salaries and benefits	\$ 338,201	\$ 21,551	\$ 98,974	\$ 120,525	\$ 458,726
Food	117,435	-	-	-	117,435
Occupancy	82,161	-	555	555	82,716
Advertising and promotion	-	-	1,258	1,258	1,258
Professional fees, consulting and outside services	14,794	23,503	168,480	191,983	206,777
Program and general supplies	99,214	-	654	654	99,868
Printing and postage	712	-	9,263	9,263	9,975
Interest	-	8,077	-	8,077	8,077
Insurance	29,243	692	-	692	29,935
Travel and transportation	13,362	-	555	555	13,917
Telephone and communications	5,561	-	59	59	5,620
Equipment and maintenance	2,507	-	6,021	6,021	8,528
Staff training and development	1,275	159	349	508	1,783
Dues, subscriptions, and books	160	-	1,184	1,184	1,344
Bank and credit card fees	-	4,931	19,819	24,750	24,750
Other expenses	207	26	53	79	286
Depreciation	123,462	-	-	-	123,462
<b>Total Expenses</b>	<b>\$ 828,294</b>	<b>\$ 58,939</b>	<b>\$ 307,224</b>	<b>\$ 366,163</b>	<b>\$ 1,194,457</b>

See notes to financial statements

# GOODWILL RESCUE MISSION, INC.

(A Subsidiary of Christian Herald Association, Inc.)

## Notes to Financial Statements

September 30, 2021 and 2020

### 1. NATURE OF ORGANIZATION:

Goodwill Rescue Mission, Inc. (GRM), located in Newark, New Jersey, has provided daily meal service and other forms of basic needs care to those experiencing homelessness and hunger since 1896. GRM is an organization which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, GRM is subject to federal income tax on any unrelated business taxable income. In addition, GRM is not classified as a private foundation within the meaning of Section 509(a) of the IRC. Support and revenues are derived primarily from the general public. In addition, GRM controls Waterbrook, Inc. Waterbrook, Inc., is an inactive subsidiary with no balances or activity.

On May 19, 2016, the governing board of GRM approved the acquisition of GRM by Christian Herald Association, Inc. (CHA). As a result of the vote, GRM became a subsidiary of CHA and CHA management assumed control of the management of GRM. GRM continues to operate as a separate 501(c)(3) entity. As GRM is a subsidiary of CHA, it is required to be consolidated with CHA. Because of this, these financial statements are included in separately issued consolidated and combined financial statements of Christian Herald Association, Inc. and Subsidiaries.

In March 2020, the decision was made to temporarily suspend operations at GRM in order to develop a more financially sustainable long term strategy for our NJ-based operations at GRM. This temporary suspension was still in place as of September 30, 2021. In the interim, GRM has connected guests with the life-transforming services of The Bowery Mission. Suspending operations at GRM has the estimated effect on future financial statements of reducing annual support and revenue by approximately \$1,500,000 and reducing annual expenses by approximately \$1,800,000.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

#### BASIS OF ACCOUNTING

The financial statements of GRM have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 and expenses during the reporting period. Actual results could differ from those estimates.

#### CASH AND CASH EQUIVALENTS AND CREDIT RISK

GRM considers cash and cash equivalents to be amounts in checking and savings accounts, cash on hand, and securities purchased with original maturities of three months or less. Certain items meet the definition of cash and cash equivalents but are part of a larger pool of investments and are classified as investments, if any. GRM's cash balances did not exceed federally insured limits as of September 30, 2021 and 2020. GRM did not have any restricted cash as of September 30, 2021 and 2020.

# GOODWILL RESCUE MISSION, INC.

(A Subsidiary of Christian Herald Association, Inc.)

## Notes to Financial Statements

September 30, 2021 and 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### INVESTMENTS

Investments consist of money market funds and are measured at fair value using the three-level fair value hierarchy. Interest and dividends (net of investment fees) and realized and unrealized gains and losses are included as revenue without donor restrictions, or in the case of endowment assets, revenue with donor restrictions in the statements of activities. Donated investments are recorded at the fair value on the date of donation and thereafter carried in accordance with the above provisions.

#### DISCLOSURES ABOUT FAIR VALUE OF ASSETS

GRM follows the provisions of the *Fair Value Measurements and Disclosure* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). GRM uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, GRM measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. Investments of \$78,744 and \$-0- at September 30, 2021 and 2020, respectively, consist of money market funds which are valued at quoted market prices (Level 1).

#### LAND, BUILDINGS, EQUIPMENT AND DEPRECIATION

Items capitalized as land, buildings and equipment are capitalized at cost at the date of acquisition, or fair value at the date of gift. The costs of additions and betterments are capitalized when they exceed \$5,000, and expenditures for repairs and maintenance are expensed when incurred. When items of land, buildings and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reported as income. Depreciation of buildings and equipment is provided utilizing the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings and improvements	10 to 40 years
Furniture, fixtures, vehicles and equipment	3 to 20 years

GRM reviews its investment in land, buildings and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the land, buildings and equipment to the future net undiscounted cash flow expected to be generated by the assets and any estimated proceeds from the eventual disposition of the assets. If the land, building and equipment is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value of such assets. There were no impairment losses recognized in the years ended September 30, 2021 and 2020.

# GOODWILL RESCUE MISSION, INC.

(A Subsidiary of Christian Herald Association, Inc.)

## Notes to Financial Statements

September 30, 2021 and 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PAYCHECK PROTECTION PROGRAM LOAN

During the year ended September 30, 2020, GRM obtained a Paycheck Protection Program loan totaling \$126,940 on May 1, 2020, through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the Small Business Administration (SBA). The loan accrued interest at 1.00% per annum and matured two years from the date it was funded. As of September 30, 2020, the full amount was recorded as a liability on the statements of financial position. During the year ended September 30, 2021, GRM submitted for loan forgiveness, and partial loan forgiveness of \$115,000 was received on June 12, 2021, with the remainder of the loan being paid in full by GRM during the year ended September 30, 2021. Revenue associated with the loan forgiveness amount is recorded as gain on extinguishment of debt on the statements of activities.

#### NET ASSETS

The financial statements report amounts by class of net assets:

*Net assets without donor restrictions* are those which include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the organization to utilize funds in furtherance of its mission, designated by the board for specific use, and resources invested in land, buildings and equipment, less related depreciation.

*Net assets with donor restrictions* are those stipulated by donors for specific operating purposes, subject to a time restriction, or those not currently available for use until commitments regarding their use have been fulfilled. Net assets with donor restrictions are also those that are subject to donor-imposed restrictions that will never lapse, thus requiring the funds to be permanently retained. Generally, the donors of these funds permit GRM to use all or part of the income earned on related investments or other assets, and the net capital appreciation thereon, for general or specific purposes.

#### SUPPORT, REVENUE, RECLASSIFICATIONS AND EXPENSES

Support is recognized when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to GRM. GRM reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. It is GRM's policy to report donor-restricted contributions whose restrictions are met in the same reporting period as support without donor restrictions. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as reclassifications for satisfaction of restrictions. Investment income and changes in other assets or liabilities are recognized in the period earned or incurred and are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

# GOODWILL RESCUE MISSION, INC.

(A Subsidiary of Christian Herald Association, Inc.)

## Notes to Financial Statements

September 30, 2021 and 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT, REVENUE, RECLASSIFICATIONS AND EXPENSES, continued

GRM receives donations of food, clothing, and supplies which it uses internally in the operation of its programs. Donated goods are recorded as support at their estimated fair value at the date of donation and are expensed for program services. Items that are not used internally are considered waste and are not recorded in the financial statements.

GRM's services could not be fully achieved without the dedicated efforts of many volunteers. Only those contributed services that meet the "specialized skills" requirements under current accounting standards are recognized in the statements of activities. GRM did not receive any volunteer services that qualified for recognition in the statements of activities for the years ended September 30, 2021 and 2020.

Gifts of land, buildings and equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of land, buildings and equipment with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire plant assets are reported as support with donor restrictions. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from net assets with donor restrictions to net assets without donor restrictions at that time. Donated property and equipment are valued at the fair market value at date of receipt.

Directly identifiable expenses are charged to program services and supporting services which include management and general and fundraising. Expenses related to more than one function are charged to program services and supporting services on the basis of periodic time and expense studies. Supporting services' expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of GRM. The categories of expenses that are allocated include salaries and benefits, occupancy, professional fees, consulting and outside services, program and general supplies, printing and postage, insurance, telephone and communications, equipment and maintenance, staff training and development, other expenses and depreciation, which are allocated on the basis of estimates of time and effort. GRM incurred no joint costs for the years ended September 30, 2021 and 2020.

# GOODWILL RESCUE MISSION, INC.

(A Subsidiary of Christian Herald Association, Inc.)

## Notes to Financial Statements

September 30, 2021 and 2020

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects GRM's financial assets, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, perpetual endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for specific purposes.

	September 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 291,055	\$ 405,768
Due from related organizations	5,913	21,374
Investments	78,744	-
	<u>375,712</u>	<u>427,142</u>
Less those unavailable for general expenditure within one year:		
Perpetual endowments and accumulated earnings	<u>(78,744)</u>	<u>(75,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 296,968</u>	<u>\$ 352,142</u>

GRM is substantially supported by contributions without and with donor restrictions. Those contributions with donor restrictions require resources to be used in a particular manner or in a future period. GRM must maintain sufficient resources to meet those responsibilities to its donors. Thus, at times financial assets may not be available for general expenditure within one year. GRM has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. GRM also has the ability to borrow funds from CHA in the event of an unanticipated liquidity need.

### 4. LAND, BUILDINGS AND EQUIPMENT-NET:

Land, buildings and equipment-net consists of the following:

	September 30,	
	2021	2020
Land	\$ 555,032	\$ 555,032
Buildings and improvements	3,074,842	3,074,842
Furniture and fixtures	79,147	79,147
Vehicles and equipment	408,937	433,287
	<u>4,117,958</u>	<u>4,142,308</u>
Less accumulated depreciation and amortization	<u>(1,857,944)</u>	<u>(1,760,291)</u>
	<u>\$ 2,260,014</u>	<u>\$ 2,382,017</u>

# GOODWILL RESCUE MISSION, INC.

(A Subsidiary of Christian Herald Association, Inc.)

## Notes to Financial Statements

September 30, 2021 and 2020

5. LINE OF CREDIT:

GRM had a line of credit from a bank up to \$200,000. The line of credit was secured by a mortgage lien. Interest was calculated at a variable rate equal to 1% over the prime rate (4.25% at September 30, 2020) and payments were due monthly. Principal was paid down periodically such that the balance does not exceed the maximum. The line of credit was paid in full as of the maturity date of May 31, 2021, and was not renewed.

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	September 30,	
	2021	2020
Endowment funds restricted in perpetuity	\$ 75,000	\$ 75,000
Endowment borrowing	-	(75,000)
Accumulated gains on endowment assets	3,744	-
	<u>\$ 78,744</u>	<u>\$ -</u>

7. ENDOWMENTS:

GRM's endowment includes a fund established for general purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions as specified in the Summary of Significant Accounting Policies outlined in these notes.

GRM classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. GRM considers the following factors in making a determination to appropriate or accumulate donor restricted funds:

- (1) The duration and preservation of the fund
- (2) The purposes of GRM and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of GRM
- (7) The investment policies of GRM

# GOODWILL RESCUE MISSION, INC.

(A Subsidiary of Christian Herald Association, Inc.)

## Notes to Financial Statements

September 30, 2021 and 2020

### 7. ENDOWMENTS, continued:

#### FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires GRM to retain as a fund of perpetual duration. As of September 30, 2020, GRM did not have sufficient assets to cover the principal of its endowment. The original gift value of the endowment was \$75,000 at both September 30, 2021 and 2020. The primary reason for the deficit is appropriation of the original principal value of the endowment assets in prior years to fund cash flow needs. As of September 30, 2021, GRM made a transfer to replenish its endowment assets for those prior year appropriations such that the endowment would no longer be under water.

Endowment net asset composition by type of fund as of September 30, 2021, is as follows:

	Original Gift Amount	Accumulated Gains (Losses)	Total
General purposes	\$ 75,000	\$ 3,744	\$ 78,744

Changes in endowment funds for the fiscal year ended September 30, 2021, consisted of the following:

	Original Gift Amount	Accumulated Gains (Losses)	Total
Endowment net assets, beginning of year	\$ 75,000	\$ (75,000)	\$ -
Investment income	-	937	937
Reclassifications	-	77,807	77,807
	-	78,744	78,744
Endowment net assets, end of year	\$ 75,000	\$ 3,744	\$ 78,744

Endowment net asset composition by type of fund as of September 30, 2020, is as follows:

	Original Gift Amount	Accumulated Losses	Total
General purposes	\$ 75,000	\$ (75,000)	\$ -

There were no changes in endowment fund balances for the year ended September 30, 2020.



# GOODWILL RESCUE MISSION, INC.

(A Subsidiary of Christian Herald Association, Inc.)

## Notes to Financial Statements

September 30, 2021 and 2020

8. GIFTS-IN-KIND:

Gifts-in-kind consisted of the following:

	Year Ended September 30,	
	2021	2020
Food	\$ -	\$ 111,696
Clothing	-	62,256
	<u>\$ -</u>	<u>\$ 173,952</u>

9. RETIREMENT PLANS:

GRM employees participate in a defined contribution pension plan, sponsored by CHA, under IRC Section 403(b) that covers substantially all of its full-time employees. Contributions are currently based on 4% of each covered employee's wages. Such amounts totaled approximately \$2,000 and \$13,000 for the years ending September 30, 2021 and 2020, respectively.

10. RELATED PARTY TRANSACTIONS:

GRM shares program, management and general and fundraising costs in the form of allocated personnel and other costs with CHA and another related entity, New York City Rescue Mission, Inc. (NYCRM).

During the years ended September 30, 2021 and 2020, CHA provided program, management and general and fundraising services to GRM totaling approximately \$11,000 and \$183,000, respectively. CHA also incurred approximately \$24,000 of other costs on behalf of GRM during both years ended September 30, 2021 and 2020. The net balance due from GRM to CHA as of September 30, 2021 and 2020, was \$480,643 and \$514,514 respectively, and is reported as a component of due to related organizations in the statements of financial position.

During the years ended September 30, 2021 and 2020, CHA made contributions to GRM totaling \$0- and \$495,615, respectively.

During the years ended September 30, 2021 and 2020, NYCRM provided program and management and general services to GRM totaling approximately \$5,600 and \$22,000, respectively. The net balance due from NYCRM to GRM as of September 30, 2021 and 2020, was \$5,913 and \$21,374, respectively, and is reported as a component of due from related organizations in the statements of financial position.

11. DONOR CONCENTRATIONS:

During the year ended September 30, 2021, GRM received approximately 10% of total contributions and 7% of total revenue from two donors. During the year ended September 30, 2020, GRM received approximately 50% of total contributions and 45% of total revenue from three donors, one of which was CHA.

# **GOODWILL RESCUE MISSION, INC.**

(A Subsidiary of Christian Herald Association, Inc.)

## **Notes to Financial Statements**

September 30, 2021 and 2020

### **12. RISKS AND UNCERTAINTIES:**

In March of 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of GRM for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

### **13. SUBSEQUENT EVENTS:**

Subsequent events have been evaluated through July 8, 2022, which is the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Subsequent to year end in March 2022, GRM entered in to a transaction with the planned result of the redevelopment of its property and facility in Newark, New Jersey. GRM has entered in to a ground lease with a developer (tenant) that includes an option for the developer to purchase the property. The ground lease is for 30 years unless terminated sooner based upon the provisions of the lease and related purchase option agreement, with annual rent payments due from the tenant to GRM of \$180,000, increasing by 2.5% annually. During the term of the ground lease, the tenant is responsible for all property expenses and maintenance, and is responsible for securing all necessary plans, permits and approvals to demolish the existing building on the property and replace with a new building. The purchase option agreement is in effect for 5 years (option term) from the effective date of the ground lease and purchase option agreement dated March 2022. The tenant can exercise the purchase option for \$3,000,000 and the conveyance by unit deed a condominium unit of at least 10,000 square feet located within the new building, which is a planned 7 story mixed use development. The space obtained by GRM upon the tenant exercising the purchase option would be utilized for programmatic activity. GRM's rescue mission operations will remain suspended while redevelopment takes place. Should the tenant decline to exercise the purchase option by the end of the 5 year option term, the purchase option agreement and the ground lease will terminate and GRM will keep the deposits. As of the date of these financial statements, no activity has taken place with respect to the redevelopment process.