

**The Christophers, Inc.**

Financial Statements

December 31, 2019

## **Independent Auditors' Report**

### **Board of Directors The Christophers, Inc.**

We have audited the accompanying financial statements of The Christophers, Inc., which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expense and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditors' 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Christophers, Inc. as of December 31, 2019, 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.

***Report on Summarized Comparative Information***

We have previously audited The Christophers, Inc.'s December 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

November 11, 2020

**The Christophers, Inc.**

Statement of Financial Position

December 31, 2019

(with comparative amounts at December 31, 2018)

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash	\$ 68,182	\$ 76,184
Contributions receivable, net	90,388	206,353
Investments	5,626,413	5,551,337
Security deposit	39,900	39,900
Restricted beneficial interest in a trust	55,566	59,158
Property and equipment, net	10,021	13,779
Deferred lease costs, net	133,179	209,281
Other assets	<u>29,688</u>	<u>31,449</u>
	<u>\$ 6,053,337</u>	<u>\$ 6,187,441</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 224,583	\$ 165,449
Deferred rent	<u>85,862</u>	<u>129,983</u>
Total Liabilities	<u>310,445</u>	<u>295,432</u>
Net Assets		
Without donor restrictions	5,687,326	5,832,851
With donor restrictions	<u>55,566</u>	<u>59,158</u>
Total Net Assets	<u>5,742,892</u>	<u>5,892,009</u>
	<u>\$ 6,053,337</u>	<u>\$ 6,187,441</u>

See notes to financial statements

**The Christophers, Inc.**

Statement of Activities  
 Year Ended December 31, 2019  
 (with summarized totals for the year ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
<b>SUPPORT</b>				
Contributions and gifts	\$ 531,414	\$ -	\$ 531,414	\$ 439,278
In-kind contributions	39,000	-	39,000	38,000
Legacies and bequests	162,506	-	162,506	82,132
Foundations	12,000	-	12,000	12,650
Total Support	<u>744,920</u>	<u>-</u>	<u>744,920</u>	<u>572,060</u>
<b>REVENUE</b>				
Books, calendars, news notes and other	54,751	-	54,751	53,284
Dividend and interest income, net	94,139	-	94,139	82,854
Gain (loss) on investments	626,708	-	626,708	(282,731)
Total Revenue	<u>775,598</u>	<u>-</u>	<u>775,598</u>	<u>(146,593)</u>
Total Support and Revenue	<u>1,520,518</u>	<u>-</u>	<u>1,520,518</u>	<u>425,467</u>
<b>EXPENSES</b>				
Program services	1,454,312	-	1,454,312	1,354,193
Management and general	151,684	-	151,684	153,295
Fundraising	60,047	-	60,047	58,943
Total Operating Expenses	<u>1,666,043</u>	<u>-</u>	<u>1,666,043</u>	<u>1,566,431</u>
Change in Net Assets Before Change in Beneficial Interests in Trust	(145,525)	-	(145,525)	(1,140,964)
Change in beneficial interests in trust	-	(3,592)	(3,592)	3,592
Change in Net Assets	(145,525)	(3,592)	(149,117)	(1,137,372)
<b>NET ASSETS</b>				
Beginning of year	<u>5,832,851</u>	<u>59,158</u>	<u>5,892,009</u>	<u>7,029,381</u>
End of year	<u>\$ 5,687,326</u>	<u>\$ 55,566</u>	<u>\$ 5,742,892</u>	<u>\$ 5,892,009</u>

See notes to financial statements

## The Christophers, Inc.

### Statement of Functional Expenses Year Ended December 31, 2019 (with summarized totals for the year ended December 31, 2018)

	Program Services						Supporting Services			Total		
	Inspirational Literature	Media	Awards	Youth and Ministries	Leadership and Seminars	Bequest	Total	Management and General	Fundraising	Total	2019	2018
Salaries	\$ 156,215	\$ 71,470	\$ 145,979	\$ 85,377	\$ 84,052	\$ 34,801	\$ 577,894	\$ 35,744	\$ 7,159	\$ 42,903	\$ 620,797	\$ 514,240
Fringe benefits	25,843	12,210	22,522	11,829	14,620	2,875	89,899	522	392	914	90,813	78,633
Payroll taxes	10,353	4,569	9,716	5,380	5,847	2,280	38,145	2,110	499	2,609	40,754	37,884
Pension expense	13,237	5,884	12,083	5,818	7,045	2,299	46,366	24,117	314	24,431	70,797	66,960
Total Salaries and Related Expenses	205,648	94,133	190,300	108,404	111,564	42,255	752,304	62,493	8,364	70,857	823,161	697,717
In-kind contributions	-	-	39,000	-	-	-	39,000	-	-	-	39,000	38,000
Computer systems and service	8,375	7,956	6,248	6,339	7,959	7,300	44,177	10,346	3,396	13,742	57,919	49,507
Equipment rental and maintenance	777	432	777	432	734	518	3,670	432	216	648	4,318	6,158
General insurance	1,970	1,094	1,970	2,959	1,860	1,313	11,166	1,330	547	1,877	13,043	13,445
Marketing and public relations	6,879	1,398	12,617	1,398	1,398	1,398	25,088	684	683	1,367	26,455	20,995
Meals entertainment and travel	1,219	1,219	1,644	1,219	3,731	1,179	10,211	1,185	1,145	2,330	12,541	11,726
Media recording and production	158	23,676	35	9	11	11	23,900	23	-	23	23,923	21,154
Miscellaneous expense	416	416	416	416	416	416	2,496	3,313	299	3,612	6,108	7,789
Occupancy	21,883	12,202	21,883	12,202	20,673	14,622	103,465	12,201	6,151	18,352	121,817	116,749
Outside mailing services and list rentals	19,943	2,133	870	143	143	143	23,375	142	6,985	7,127	30,502	35,074
Printing and publications	69,215	338	528	338	429	364	71,212	336	8,172	8,508	79,720	80,326
Prizes and donations	7	7	6,757	665	848	7	8,291	6	7	13	8,304	6,550
Professional fees	21,000	47,250	10,500	3,150	17,850	-	99,750	44,434	-	44,434	144,184	123,068
Shipping and postage	42,016	6,268	5,031	3,627	3,631	3,631	64,204	4,063	14,523	18,586	82,790	98,257
Supplies	3,169	1,079	16,568	1,079	1,167	1,115	24,177	1,093	958	2,051	26,228	22,749
Telephone	984	984	984	984	984	984	5,904	699	697	1,396	7,300	6,530
Program consultants and contributors	40,782	6,198	8,463	7,942	7,898	2,198	73,481	1,292	4,097	5,389	78,870	130,779
Total Expenses Before Depreciation and Amortization	444,441	206,783	324,591	151,306	181,296	77,454	1,385,871	144,072	56,240	200,312	1,586,183	1,486,573
Amortization of deferred lease cost	13,698	7,610	13,698	7,610	12,937	9,132	64,685	7,610	3,807	11,417	76,102	76,100
Depreciation	626	626	626	626	626	626	3,756	2	-	2	3,758	3,758
<b>Total Expenses</b>	<b>\$ 458,765</b>	<b>\$ 215,019</b>	<b>\$ 338,915</b>	<b>\$ 159,542</b>	<b>\$ 194,859</b>	<b>\$ 87,212</b>	<b>\$ 1,454,312</b>	<b>\$ 151,684</b>	<b>\$ 60,047</b>	<b>\$ 211,731</b>	<b>\$ 1,666,043</b>	<b>\$ 1,566,431</b>

See notes to financial statements

**The Christophers, Inc.**

Statement of Cash Flows

Year Ended December 31, 2019

(with comparative amounts for the year ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (149,117)	\$(1,137,372)
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized gain (loss) on investment	(626,708)	282,731
Net change in beneficial interests in trust	3,592	(3,592)
Depreciation	3,758	3,758
Amortization of deferred lease costs	76,102	76,100
Amortization of deferred rent	(44,121)	(40,498)
Changes in operating assets and liabilities		
Contributions receivable	115,965	316,770
Other assets	1,761	(10,091)
Accounts payable and accrued expenses	59,134	25,780
Net Cash from Operating Activities	<u>(559,634)</u>	<u>(486,414)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(151,808)	(210,494)
Proceeds from sale of investments	<u>704,011</u>	<u>698,065</u>
Net Cash from Investing Activities	<u>552,203</u>	<u>487,571</u>
Net Change in Cash	(7,431)	1,157
<b>CASH</b>		
Beginning of Year	<u>76,184</u>	<u>75,027</u>
End of Year	<u>\$ 68,753</u>	<u>\$ 76,184</u>

See notes to financial statements

## **The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

### **1. Organization**

The Christophers, Inc. (the “Christophers”) is a New York not-for-profit membership corporation. The objective of the Christophers is to enlist the services of all persons of goodwill to show personal responsibility by word and action for the promotion of humanistic ideals, which are congruent with the Judeo-Christian tradition. This objective is achieved primarily through the use of mass media.

The Christophers is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, under a group exemption covering all agencies and instrumentalities and all educational, charitable and religious institutions operated in connection with The Roman Catholic Church in the United States, its territories and possessions. The Christophers has been classified as an organization that is not a private foundation. Accordingly, all contributions to the Christophers are fully deductible to the extent permitted under Internal Revenue Service regulations.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation and Use of Management Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which 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. Accordingly, actual results could differ from those estimates.

#### ***Adoption of New U.S. GAAP Revenue Recognition***

Effective January 1, 2019, the Christophers adopted new U.S. GAAP revenue recognition guidance for the sale of books, calendars and new notes. This guidance provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. As permitted by the new framework, the Christophers elected not to adjust the promised amount of consideration for the effects of a significant financing component as all revenue is collected within one year or less. The Christophers adopted this guidance on a modified retrospective basis. Adoption of the ASU had no impact on the Christophers financial statements.



## **The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Adoption of New U.S. GAAP Revenue Recognition (continued)***

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”). ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018 and the Christophers adopted ASU 2018-08 on a modified prospective basis and has determined there to be no impact to its financial statements.

#### ***Cash and Cash Flows***

Cash for purposes of the statements of financial position and cash flows includes all short-term highly liquid investments with a maturity of ninety days or less at the time of purchase which are not intended for investment purposes.

#### ***Contributions and Net Assets Presentation***

Contributions received are recorded as without or with donor restricted support, depending on the existence or nature of any donor restrictions. All contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support that increases that net asset class. If a restriction is fulfilled in the same time period in which the contribution is received, the Christophers reports the contribution as without donor restrictions.

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Christophers and changes therein are classified and reported as follows:

- Without donor restrictions – net assets not subject to donor-imposed stipulations, and therefore are expendable for operating purposes.
- With donor restrictions – net assets subject to donor-imposed stipulations that would be met by actions of the Christophers and/or by the passage of time or net assets to be maintained permanently by the Christophers. Generally, the donors of these net assets permit the Christophers to use all or part of the income earned on related investments for general or donor-specified purposes.

#### ***Revenue Recognition***

The Christophers recognizes contributions when they are received and unconditionally contributed and reports this support as with or without donor restriction according to donor stipulations that may limit the use of these assets due to time or purpose restrictions. When a donor restriction expires or is otherwise satisfied, 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 restriction.

## **The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

### **2. Summary of Significant Accounting Policies *(continued)***

#### ***Revenue Recognition (continued)***

Sales of books, calendars, news notes, and other items are recognized in accordance with U.S. GAAP. Four basic criteria must be met before revenue can be recognized: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred; (iii) the fee is fixed and determinable; and (iv) collectability is reasonably assured. The Christophers recognizes revenues upon shipment of products or performance of services in which title and risk passes to customers. Sales and related cost of sales are recognized at a single point in time when the product is transferred to the customer in an amount that reflects the consideration the Christophers expects to be entitled in exchange for the product. Payment for these sales are received at the time of delivery.

#### ***In-kind Contributions and Donated Services***

In-kind contributions are recorded as income and expenses at the time the items are received, which is also the time they are placed into service. Donated services are reported as income at their fair value if such services create value or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills. In-kind contributions amounted to \$39,000 and \$38,000 for the year ended December 31, 2019 and 2018.

#### ***Contributions Receivable and Allowance for Uncollectible Receivables***

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in accounts receivable. At December 31, 2019 and 2018, the allowance for uncollectible receivables was \$23,500. All receivables are expected to be collected within one year.

#### ***Fair Value Measurements***

The Christophers follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

## **The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Investments Valuation and Investment Income Recognition***

Investments are stated at fair value. Purchases and sales of securities are recognized on a trade-date basis. Interest income is recognized on the accrual basis. Realized and unrealized gains and losses are included in the determination of the change in net assets.

#### ***Property and Equipment***

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is provided principally on the straight-line method over the estimated useful lives of assets. The Christophers capitalizes expenditures for property and equipment with a cost in excess of \$1,000. Capitalized leased assets are amortized on the straight-line method over the estimated useful life of the asset. Costs for repairs and maintenance are charged to expense as incurred. Leasehold improvements are amortized on the straight-line method over the term of the lease or useful life, whichever is shorter.

#### ***Concentrations of Credit Risk***

Financial instruments which potentially subject the Christophers to concentrations of credit risk consist of money market accounts, contributions receivable and investment securities. The Christophers places its temporary cash and money market accounts with financial institutions and at times a portion of the funds may not be insured by the Federal Deposit Insurance Corporation.

At December 31, 2019, one gift totaling \$80,000 comprised approximately 89% of total contributions receivables. For the year ended December 31, 2019, one contribution totaling \$60,000 comprised approximately 11% of contributions and gifts. These gifts have no restrictions on their use.

At December 31, 2018, three gifts totaling \$186,781 comprised approximately 82% of total contributions receivables. These gifts have no restrictions on their use.

#### ***Allocation of Functional Expenses***

Expenses are charged directly to each program when incurred. Expenditures, which benefit multiple functions and are not easily identifiable to a particular function, are allocated to those several functions based on the relative attribution of employee efforts and/or in some instances based on the proportion of office space used.

#### ***Accounting for Uncertainty in Income Taxes***

The Christophers recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Christophers had no uncertain tax positions that would require financial statement recognition. The Christophers is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2016.

## **The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Prior-year Summarized Financial Information***

The financial statements include 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Christophers' financial statements for the year ended December 31, 2018, from which the summarized information was derived.

#### ***Deferred Rent***

Rent expense is amortized ratably over the lease term. Deferred rent represents the difference between the cash payments for the office lease and the amounts expensed in the financial statements which, pursuant to U.S. GAAP is computed on a straight-line basis over the lease term.

#### ***Deferred Lease Costs***

Deferred lease costs represent lease modification costs incurred in connection with the extension of the Christophers' office lease, which is being amortized on a straight-line basis over the lease term.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 11, 2020.

On May 4, 2020, the Christophers qualified for and received a loan pursuant to the Paycheck Protection Program ("PPP"), a program implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified PPP lender, for an aggregate principal amount of \$139,347 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the PPP upon the Christophers request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Christophers. The Christophers intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. The Christophers believes that most, if not all, of the PPP Loan will meet the requirements for debt forgiveness. To the extent that all or part of the PPP Loan is not forgiven, the Christophers will be required to pay interest on the PPP Loan through the date principal is repaid in full or maturity date.

## The Christophers, Inc.

Notes to Financial Statements  
December 31, 2019 and 2018

### 3. Liquidity and Availability

The Christophers monitors the availability of resources to meet its operating needs and contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures related to its ongoing mission related activities, as well as services undertaken to support these activities, to be general expenditures.

Financial assets available for general expenditures within one year of December 31, are as follows:

	2019	2018
Cash	\$ 68,182	\$ 76,184
Contributions receivable, net	90,388	206,353
Investments	5,626,413	5,551,337
	\$ 5,784,983	\$ 5,833,874

The Organization manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due.

### 4. Investments and Fair Value Measurements

The following are the major categories of financial instruments measured at fair value based on inputs at December 31:

	2019			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money market investments	\$ 876,585	\$ -	\$ -	\$ 876,585
Investments in common stock	2,374,841	-	-	2,374,841
Mutual funds	799,350	-	-	799,350
Government and agency bonds	-	806,160	-	806,160
Corporate bonds	-	757,676	-	757,676
Beneficial interests in trust	-	-	55,566	55,566
Total at Fair Value	\$ 4,050,776	\$ 1,563,836	\$ 55,566	5,670,178
Interest and dividend receivable				11,801
Total Investments and Value of Beneficial Interest in Trust				\$5,681,979

**The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

**4. Investments and Fair Value Measurements (continued)**

	2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market investments	\$ 1,442,141	\$ -	\$ -	\$ 1,442,141
Investments in common stock	1,889,075	-	-	1,889,075
Mutual funds	754,818	-	-	754,818
Government and agency bonds	-	708,504	-	708,504
Corporate bonds	-	744,426	-	744,426
Beneficial interests in trust	-	-	59,158	59,158
Total at Fair Value	\$ 4,086,034	\$ 1,452,930	\$ 59,158	5,598,122
Interest and dividend receivable				12,373
Total Investments and Value of Beneficial Interest in Trust				\$ 5,610,495

The following table summarizes the investment return for the years ended December 31:

	2019	2018
Dividend and interest income	\$ 142,664	\$ 130,919
Realized and unrealized gain (loss) on investments	626,708	(282,731)
	769,372	(151,812)
Investment fees	(48,525)	(48,065)
	\$ 720,847	\$ (199,877)

**5. Beneficial Interests in Trust**

The Christophers is a beneficiary of a charitable trust. The Christophers receives annual distributions which are included in income without donor restrictions. Future distributions from the trusts are subject to the Christophers continuing to exist and function. The trust was held and managed by independent corporate trustees. The remaining with donor restricted trust amounts are \$55,566 and \$59,158 at December 31, 2019 and 2018.

**The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

**5. Beneficial Interests in Trust (continued)**

The trust assets are invested in marketable equity and debt securities. The following is a reconciliation of the beginning and ending balances of beneficial interests, for the years ending December 31:

	2019	2018
Total beginning balance	\$ 59,158	55,566
Changes in beneficial interest included in change in net assets	(3,592)	3,592
Total ending balance	\$ 55,566	\$ 59,158

The Christophers is a beneficiary of a beneficial interest in a trust which is a donor-restricted fund whose purpose is to provide long term support to the Christophers. In classifying such funds for financial statement purposes as net assets with or without donor restrictions, the Board looks to explicit directions of the donor where applicable and the applicable provisions the New York State Prudent Management of Institutional Funds Act (“NYPMIFA”).

**6. Property and Equipment**

Property and equipment consist of the following at December 31:

	2019	2018	Useful Life
Leasehold improvements	\$ 37,580	\$ 37,580	10 years
Equipment	115,258	115,258	3 - 7 years
	152,838	152,838	
Accumulated depreciation	(142,817)	(139,059)	
	\$ 10,021	\$ 13,779	

## The Christophers, Inc.

Notes to Financial Statements  
December 31, 2019 and 2018

### 7. Pension Plans

The Christophers participates in the Archdiocesan Pension Plan (the "Plan"), which is a multiemployer Church Plan under section 401(a) of the Internal Revenue Code. All eligible employees who meet the age and years of service requirements are noncontributory participants in the Plan. The Plan uses the aggregate cost method with an assumed rate of return of 7.25% and a salary scale assumption of 5% per annum. The contributions of all participating employers are pooled and held by the trustee for the purpose of providing retirement and other benefits for employees of all participating employers. As a result, liabilities and contribution requirements are not calculated on an employer-by-employer basis, but rather in the aggregate. The contribution is then allocated by employer based on a percentages of covered compensation. As of January 1, 2019, the present value of accrued benefits was \$1,646,776,430 as compared to the market value of assets of \$1,251,384,244. The Plan's actual funded status at December 31, 2019 has not yet been determined. Pension cost was \$70,797 and \$66,960 for the years ended December 31, 2019 and 2018.

### 8. Commitments and Contingencies

The Christophers is obligated under an operating lease which includes escalations for its executive and administrative offices. In December 2019, the Christophers amended the lease agreement to extend the lease through April 30, 2025.

Minimum future obligations under the lease are as follows:

2020	\$ 187,600
2021	195,931
2022	186,382
2023	190,954
2024	195,653
Thereafter	<u>66,824</u>
	<u>\$ 383,531</u>

Rent expense, net of deferred rent, amounted to \$96,402 and \$100,913 for the years ended December 31, 2019 and 2018.

### 9. Related Party Transactions

The Christophers incurred legal fees and related disbursements of approximately \$105,000 and \$84,000 in 2019 and 2018, for services rendered by a firm in which one member is a board member and officer of the Christophers. The Christophers incurred \$10,900 and \$8,650 in 2019 and 2018, for consulting services from a board member. One employee is a board member, who received a salary compensation of \$120,327 in both 2019 and 2018.



## **The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

### **10. Risks and Uncertainties**

The Christophers operations have been affected by the ongoing outbreak of the coronavirus disease (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. Many countries around the world, including the United States, have significant governmental measures being implemented to control the spread of COVID-19, including temporary closures of businesses, severe restrictions on travel and the movement of people and other material limitations on the conduct of business.

The full duration and extent of the COVID-19 pandemic, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date these financial statements were available for issuance, as the pandemic continues to evolve globally. Therefore, the full extent of any adverse impact on the results of operations, financial position and cash flows cannot be reasonably estimated at this time.

The COVID-19 pandemic has resulted in substantial volatility in the global financial markets. As a result, the Organization's investment portfolio has incurred significant fluctuations in its fair value since December 31, 2019. Because the value of the Organization's individual investments has and will fluctuate in response to changing market conditions, the amount of losses, if any that will be recognized in subsequent periods cannot be determined.

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