

**The Christophers, Inc.**

Financial Statements

December 31, 2020

## **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, 2020, 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, 2020, 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, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

Woodcliff Lake, NJ  
December 8, 2021

**The Christophers, Inc.**

Statement of Financial Position

December 31, 2020

(with comparative amounts at December 31, 2019)

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash	\$ 54,755	\$ 68,182
Contributions receivable, net	147,341	90,388
Investments	5,667,047	5,626,413
Security deposit	41,900	39,900
Restricted beneficial interest in a trust	54,343	55,566
Property and equipment, net	6,263	10,021
Deferred lease costs, net	108,208	133,179
Other assets	<u>24,885</u>	<u>29,688</u>
	<u>\$ 6,104,742</u>	<u>\$ 6,053,337</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 299,803	\$ 224,583
Deferred rent	<u>92,011</u>	<u>85,862</u>
Total Liabilities	<u>391,814</u>	<u>310,445</u>
Net Assets		
Without donor restrictions	5,658,585	5,687,326
With donor restrictions	<u>54,343</u>	<u>55,566</u>
Total Net Assets	<u>5,712,928</u>	<u>5,742,892</u>
	<u>\$ 6,104,742</u>	<u>\$ 6,053,337</u>

See notes to financial statements

**The Christophers, Inc.**

Statement of Activities  
 Year Ended December 31, 2020  
 (with summarized totals for the year ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
<b>SUPPORT</b>				
Contributions and gifts	\$ 511,239	\$ -	\$ 511,239	\$ 531,414
Grant from government agency	139,347	-	139,347	-
In-kind contributions	-	-	-	39,000
Legacies and bequests	271,380	-	271,380	162,506
Foundations	-	-	-	12,000
Total Support	<u>921,966</u>	<u>-</u>	<u>921,966</u>	<u>744,920</u>
<b>REVENUE</b>				
Books, calendars, news notes and other	51,060	-	51,060	54,751
Dividend and interest income, net	65,764	-	65,764	94,139
Gain on investments	549,971	-	549,971	626,708
Total Revenue	<u>666,795</u>	<u>-</u>	<u>666,795</u>	<u>775,598</u>
Total Support and Revenue	<u>1,588,761</u>	<u>-</u>	<u>1,588,761</u>	<u>1,520,518</u>
<b>EXPENSES</b>				
Program services	1,387,491	-	1,387,491	1,454,312
Management and general	160,130	-	160,130	151,684
Fundraising	69,881	-	69,881	60,047
Total Operating Expenses	<u>1,617,502</u>	<u>-</u>	<u>1,617,502</u>	<u>1,666,043</u>
Change in Net Assets Before Change in Beneficial Interests in Trust	(28,741)	-	(28,741)	(145,525)
Change in beneficial interests in trust	-	(1,223)	(1,223)	(3,592)
Change in Net Assets	<u>(28,741)</u>	<u>(1,223)</u>	<u>(29,964)</u>	<u>(149,117)</u>
<b>NET ASSETS</b>				
Beginning of year	<u>5,687,326</u>	<u>55,566</u>	<u>5,742,892</u>	<u>5,892,009</u>
End of year	<u>\$ 5,658,585</u>	<u>\$ 54,343</u>	<u>\$ 5,712,928</u>	<u>\$ 5,742,892</u>

See notes to financial statements

## The Christophers, Inc.

### Statement of Functional Expenses Year Ended December 31, 2020 (with summarized totals for the year ended December 31, 2019)

	Program Services						Supporting Services			Total		
	Inspirational Literature	Media	Awards	Youth and Ministries	Leadership and Seminars	Bequest	Total	Management and General	Fundraising	Total	2020	2019
Salaries	\$ 135,376	\$ 78,221	\$ 125,561	\$ 101,967	\$ 61,014	\$ 31,320	\$ 533,459	\$ 32,712	\$ 6,812	\$ 39,524	\$ 572,983	\$ 620,797
Fringe benefits	19,518	10,745	16,527	10,237	7,888	2,368	67,283	10,098	323	10,421	77,704	90,813
Payroll taxes	10,827	6,333	10,083	8,268	4,930	2,494	42,935	3,051	555	3,606	46,541	40,754
Pension expense	11,131	5,921	9,959	5,853	4,159	2,299	39,322	30,007	314	30,321	69,643	70,797
Total Salaries and Related Expenses	176,852	101,220	162,130	126,325	77,991	38,481	682,999	75,868	8,004	83,872	766,871	823,161
In-kind contributions	-	-	-	-	-	-	-	-	-	-	-	39,000
Computer systems and service	6,839	6,381	4,934	5,024	6,390	5,629	35,197	10,437	2,462	12,899	48,096	57,919
Equipment rental and maintenance	1,025	569	1,025	569	968	683	4,839	570	285	855	5,694	4,318
General insurance	2,123	1,165	2,123	3,491	2,003	1,405	12,310	2,050	599	2,649	14,959	13,043
Marketing and public relations	3,816	1,478	1,478	1,478	1,478	1,478	11,206	445	448	893	12,099	26,455
Meals entertainment and travel	2,090	2,090	2,090	2,090	2,889	1,792	13,041	1,455	714	2,169	15,210	12,541
Media recording and production	312	14,564	62	17	17	17	14,989	18	130	148	15,137	23,923
Bad debt	-	-	-	-	-	80,000	80,000	-	-	-	80,000	-
Miscellaneous expense	1,999	776	776	776	776	776	5,879	3,256	776	4,032	9,911	6,108
Occupancy	31,763	17,646	31,763	17,646	29,999	21,176	149,993	17,648	8,823	26,471	176,464	121,817
Outside mailing services and list rentals	22,213	47	912	43	43	43	23,301	43	12,223	12,266	35,567	30,502
Printing and publications	84,249	275	639	275	275	275	85,988	275	12,820	13,095	99,083	79,720
Prizes and donations	-	-	6,250	-	-	-	6,250	-	-	-	6,250	8,304
Professional fees	11,800	26,550	5,900	1,770	10,030	-	56,050	38,658	-	38,658	94,708	144,184
Shipping and postage	44,464	4,806	5,128	3,768	3,769	3,768	65,703	4,149	15,816	19,965	85,668	82,790
Supplies	3,409	817	14,807	836	873	753	21,495	668	451	1,119	22,614	26,228
Telephone	843	843	843	843	843	843	5,058	843	843	1,686	6,744	7,300
Program consultants and contributors	44,634	6,613	20,263	8,087	6,613	2,563	88,773	875	4,050	4,925	93,698	78,870
Total Expenses Before Depreciation and Amortization	438,431	185,840	261,123	173,038	144,957	159,682	1,363,071	157,258	68,444	225,702	1,588,773	1,586,183
Amortization of deferred lease cost	4,495	2,497	4,495	2,497	4,245	2,997	21,226	2,496	1,249	3,745	24,971	76,102
Depreciation	676	376	676	376	639	451	3,194	376	188	564	3,758	3,758
Total Expenses	\$ 443,602	\$ 188,713	\$ 266,294	\$ 175,911	\$ 149,841	\$ 163,130	\$ 1,387,491	\$ 160,130	\$ 69,881	\$ 230,011	\$ 1,617,502	\$ 1,666,043

See notes to financial statements

**The Christophers, Inc.**

Statement of Cash Flows

Year Ended December 31, 2020

(with comparative amounts for the year ended December 31, 2019)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (29,964)	\$ (149,117)
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized gain on investment	(549,971)	(626,708)
Net change in beneficial interests in trust	1,223	3,592
Depreciation	3,758	3,758
Bad debt expense	80,000	-
Amortization of deferred lease costs	24,971	76,102
Amortization of deferred rent	6,149	(44,121)
Changes in operating assets and liabilities		
Contributions receivable	(136,953)	115,965
Security deposit	(2,000)	-
Other assets	4,803	1,761
Accounts payable and accrued expenses	<u>75,220</u>	<u>59,134</u>
Net Cash from Operating Activities	<u>(522,764)</u>	<u>(559,634)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(116,404)	(152,379)
Proceeds from sale of investments	<u>625,741</u>	<u>704,011</u>
Net Cash from Investing Activities	<u>509,337</u>	<u>551,632</u>
Net Change in Cash	(13,427)	(8,002)
<b>CASH</b>		
Beginning of Year	<u>68,182</u>	<u>76,184</u>
End of Year	<u>\$ 54,755</u>	<u>\$ 68,182</u>

See notes to financial statements

## **The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

### **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, 2020 and 2019

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

#### ***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.

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.

## **The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

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

#### ***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 for the year ended December 31, 2019, and there were no in-kind contributions during the year ended December 31, 2020.

#### ***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, 2020 and 2019, the allowance for uncollectible receivables was \$80,000 and \$0. 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.

#### ***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.

## **The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2020 and 2019

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

#### ***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, 2020, two gifts totaling \$136,591 comprised approximately 92% of total contributions receivable. For the year ended December 31, 2020, two bequests from one source totaling \$222,222 comprised approximately 24% of total support. These gifts have no restrictions on their use.

At December 31, 2019, one gift totaling \$80,000 comprised approximately 89% of total contributions receivable. This gift had no restrictions on its 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 2017.

## The Christophers, Inc.

Notes to Financial Statements  
December 31, 2020 and 2019

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

#### ***Prior-year Summarized Financial 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Christophers' financial statements for the year ended December 31, 2019, 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 December 8, 2021.

### 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:

	<u>2020</u>	<u>2019</u>
Cash	\$ 54,755	\$ 68,182
Contributions receivable, net	147,341	90,388
Investments	<u>5,667,047</u>	<u>5,626,413</u>
	<u>\$5,869,143</u>	<u>\$5,784,983</u>

## The Christophers, Inc.

Notes to Financial Statements  
December 31, 2020 and 2019

### 3. Liquidity and Availability *(continued)*

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:

	2020			
	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	\$ 562,606	\$ -	\$ -	\$ 562,606
Investments in common stock	2,575,259	-	-	2,575,259
Mutual funds	980,193	-	-	980,193
Government and agency bonds	-	943,412	-	943,412
Corporate bonds	-	596,372	-	596,372
Beneficial interest in trust	-	-	54,343	54,343
Total at Fair Value	\$ 4,118,058	\$ 1,539,784	\$ 54,343	5,712,185
Interest and dividend receivable				9,205
Total Investments and Value of Beneficial Interest in Trust				\$5,721,390
	2019			
	Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
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 interest 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, 2020 and 2019

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

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

	<u>2020</u>	<u>2019</u>
Dividend and interest income	\$ 116,404	\$ 142,664
Realized and unrealized gain on investments	<u>549,971</u>	<u>626,708</u>
	666,375	769,372
Investment fees	<u>(50,640)</u>	<u>(48,525)</u>
	<u>\$ 615,735</u>	<u>\$ 720,847</u>

### 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 \$54,343 and \$55,566 at December 31, 2020 and 2019.

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:

	<u>2020</u>	<u>2019</u>
Total beginning balance	\$ 55,566	59,158
Changes in beneficial interest included in change in net assets	<u>(1,223)</u>	<u>(3,592)</u>
Total ending balance	<u>\$ 54,343</u>	<u>\$ 55,566</u>

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").

## The Christophers, Inc.

Notes to Financial Statements  
December 31, 2020 and 2019

### 6. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>	<u>Useful Life</u>
Leasehold improvements	\$ 37,580	\$ 37,580	10 years
Equipment	<u>115,258</u>	<u>115,258</u>	3 - 7 years
	152,838	152,838	
Accumulated depreciation	<u>(146,575)</u>	<u>(142,817)</u>	
	<u>\$ 6,263</u>	<u>\$ 10,021</u>	

### 7. Paycheck Protection Program Loan Forgiveness

On May 4, 2020 the Organization received loan proceeds in the amount of \$139,347 under the Paycheck Protection Program ("PPP"). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The PPP provides for loans to qualifying entities for amounts up to 2.5 times their 2019 average monthly payroll expense of the qualifying entity. All or a portion of the PPP loan principal and accrued in interest is forgivable, provided the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act as amended, over a period between eight to twenty-four weeks (the "Covered Period").

The Organization has elected to report the PPP loan proceeds as a conditional grant under requirements contained in ASU 2018-08, "Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made." Accordingly, the Organization recognized income as the conditions in the PPP loan are met. For the year ended December, 31 2020, the Organization recognized the PPP loan proceeds of \$139,347 as grant from government agency in the 2020 statement of activities. In 2021 the Organization was notified that the PPP loan has been forgiven.

### 8. 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.

## The Christophers, Inc.

Notes to Financial Statements  
December 31, 2020 and 2019

### 8. Pension Plans *(continued)*

As of January 1, 2020, the present value of accrued benefits was \$1,657,633,422 as compared to the market value of assets of \$1,245,338,709. The Plan's actual funded status at December 31, 2020 has not yet been determined. Pension cost was \$69,643 and \$70,797 for the years ended December 31, 2020 and 2019.

### 9. 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:

2021	195,931
2022	186,382
2023	190,954
2024	195,653
2025	<u>66,827</u>
	<u>\$ 835,747</u>

Rent expense, net of deferred rent, amounted to \$168,344 and \$96,402 for the years ended December 31, 2020 and 2019.

### 10. Related Party Transactions

The Christophers incurred legal fees and related disbursements of approximately \$69,000 and \$105,000 in 2020 and 2019, for services rendered by a firm in which one member is a board member and officer of the Christophers. The Christophers incurred \$17,500 and \$10,900 in 2020 and 2019, for consulting services from a board member. One employee is a board member, who received a salary compensation of \$120,327 in both 2020 and 2019.

### 11. Risks and Uncertainties

The Christophers operations have been affected by the ongoing outbreak of the coronavirus disease (COVID-19). The United States has 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 Christophers, Inc.

Notes to Financial Statements  
December 31, 2020 and 2019

### 11. Risks and Uncertainties (*continued*)

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.

### 12. Subsequent Event

In March 2021 the Organization received loan proceeds in the amount of \$139,345 under Second Draw provisions of the PPP as authorized by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the "Economic Aid Act"). The Second Draw provisions of the Economic Aid Act provides for loans to qualifying entities for amounts up to 2.5 times their 2019 or 2020 average monthly payroll expenses. The Second Draw PPP loan bears an interest rate of 1% per annum. All or a portion of the Second Draw PPP loan principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act as amended by the Economic Aid Act, over a period between eight to twenty-four weeks from the date the Second Draw PPP loan proceeds were received (the "Second Draw Covered Period"). To the extent the Organization terminates employees or reduces salaries above a certain threshold during the Second Draw Covered Period and does not qualify for certain safe harbors, the amount of loan forgiveness can be reduced. As of the date these financial statements were available to be issued, the Second Draw PPP Loan had not been forgiven, however the Organization expects the entire amount to be forgiven in 2022.

\* \* \* \* \*