

**The Christophers, Inc.**

Financial Statements

December 31, 2022

## **Independent Auditors' Report**

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

### ***Opinion***

We have audited the accompanying financial statements of The Christophers, Inc., which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expense and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Christophers, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Christophers, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Christophers, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Christophers, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Christophers, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Report on Summarized Comparative Information***

We have previously audited The Christophers, Inc.'s December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

## The Christophers, Inc.

Statement of Financial Position  
December 31, 2022  
(with comparative amounts at December 31, 2021)

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash	\$ 111,064	\$ 74,535
Contributions receivable, net	87,341	370,540
Investments	4,575,748	5,841,454
Security deposit	39,900	3,900
Restricted beneficial interest in a trust	59,486	59,486
Operating lease - right-of-use asset	160,783	524,536
Property and equipment, net	-	2,505
Other assets	<u>24,944</u>	<u>23,981</u>
	<u>\$ 5,059,266</u>	<u>\$ 6,900,937</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 356,565	\$ 260,127
Lease liability for operating lease	<u>228,091</u>	<u>701,955</u>
Total Liabilities	<u>584,656</u>	<u>962,082</u>
Net Assets		
Without donor restrictions	4,415,124	5,879,369
With donor restrictions	<u>59,486</u>	<u>59,486</u>
Total Net Assets	<u>4,474,610</u>	<u>5,938,855</u>
	<u>\$ 5,059,266</u>	<u>\$ 6,900,937</u>

See notes to financial statements

**The Christophers, Inc.**

Statement of Activities  
Year Ended December 31, 2022  
(with summarized totals for the year ended December 31, 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2022</u>	<u>2021</u>
<b>SUPPORT</b>				
Contributions and gifts	\$ 501,288	\$ -	\$ 501,288	\$ 488,464
Grant from government agency	-	-	-	139,345
Legacies and bequests	393,649	-	393,649	620,385
Foundations	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Total Support	<u>904,937</u>	<u>-</u>	<u>904,937</u>	<u>1,258,194</u>
<b>REVENUE</b>				
Books, calendars, news notes and other	49,294	-	49,294	39,246
Dividend and interest income, net	49,014	-	49,014	52,684
Realized and unrealized (loss) gain on investments	<u>(858,779)</u>	<u>-</u>	<u>(858,779)</u>	<u>411,240</u>
Total Revenue	<u>(760,471)</u>	<u>-</u>	<u>(760,471)</u>	<u>503,170</u>
Total Support and Revenue	<u>144,466</u>	<u>-</u>	<u>144,466</u>	<u>1,761,364</u>
<b>EXPENSES</b>				
Program services	1,384,067	-	1,384,067	1,314,162
Management and general	165,119	-	165,119	159,930
Fundraising	<u>59,525</u>	<u>-</u>	<u>59,525</u>	<u>66,488</u>
Total Operating Expenses	<u>1,608,711</u>	<u>-</u>	<u>1,608,711</u>	<u>1,540,580</u>
Change in Net Assets Before Change in Beneficial Interests in Trust	(1,464,245)	-	(1,464,245)	220,784
Change in beneficial interests in trust	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,143</u>
Change in Net Assets	<u>(1,464,245)</u>	<u>-</u>	<u>(1,464,245)</u>	<u>225,927</u>
<b>NET ASSETS</b>				
Beginning of year	<u>5,879,369</u>	<u>59,486</u>	<u>5,938,855</u>	<u>5,712,928</u>
End of year	<u>\$ 4,415,124</u>	<u>\$ 59,486</u>	<u>\$ 4,474,610</u>	<u>\$ 5,938,855</u>

The Christophers, Inc.

Statement of Functional Expenses  
Year Ended December 31, 2022  
(with summarized totals for the year ended December 31, 2021)

	Program Services							Supporting Services			Total	
	Inspirational Literature	Media	Awards	Youth and Ministries	Leadership and Seminars	Bequest	Total	Management and General	Fundraising	Total	2022	2021
Salaries	\$ 135,073	\$ 79,337	\$ 125,690	\$ 107,241	\$ 62,321	\$ 29,589	\$ 539,251	\$ 29,344	\$ 6,909	\$ 36,253	\$ 575,504	\$ 554,474
Fringe benefits	15,853	4,576	11,849	2,162	443	75	34,958	14	10	24	34,982	36,831
Payroll taxes	10,797	6,362	10,053	8,658	4,988	2,447	43,305	2,298	567	2,865	46,170	45,337
Pension expense	<u>13,388</u>	<u>7,373</u>	<u>11,974</u>	<u>7,947</u>	<u>5,435</u>	<u>2,508</u>	<u>48,625</u>	<u>25,373</u>	<u>342</u>	<u>25,715</u>	<u>74,340</u>	<u>67,066</u>
Total Salaries and Related Expenses	175,111	97,648	159,566	126,008	73,187	34,619	666,139	57,029	7,828	64,857	730,996	703,708
Computer systems and service	6,664	6,751	5,281	5,482	6,664	6,103	36,945	10,637	2,568	13,205	50,150	58,255
Equipment rental and maintenance	479	266	479	266	453	322	2,265	364	133	497	2,762	5,694
General insurance	2,401	1,334	2,401	3,204	2,267	1,600	13,207	1,334	667	2,001	15,208	16,167
Marketing and public relations	5,984	2,612	5,945	2,590	2,590	2,590	22,311	341	341	682	22,993	19,651
Meals entertainment and travel	4,222	3,895	4,975	6,419	6,525	3,565	29,601	3,505	3,541	7,046	36,647	19,119
Media recording and production	882	12,548	119	-	-	-	13,549	-	291	291	13,840	12,359
Miscellaneous expense	1,639	621	816	642	758	325	4,801	3,749	203	3,952	8,753	5,087
Occupancy	33,402	18,557	33,402	18,557	31,547	22,268	157,733	18,557	9,278	27,835	185,568	186,621
Outside mailing services and lists	35,040	1,365	1,895	840	840	840	40,820	280	11,687	11,967	52,787	52,521
Printing and publications	102,953	309	602	274	268	263	104,669	22	752	774	105,443	91,317
Prizes and donations	250	250	-	6,300	248	250	7,298	-	-	-	7,298	6,258
Professional fees	15,177	34,148	7,589	2,277	12,900	-	72,091	61,462	-	61,462	133,553	138,080
Shipping and postage	60,112	4,261	5,635	3,898	4,611	3,701	82,218	3,837	16,082	19,919	102,137	89,579
Supplies	2,423	875	14,536	875	1,335	857	20,901	900	709	1,609	22,510	19,605
Telephone	1,263	1,263	1,263	1,394	1,263	1,132	7,578	1,132	1,132	2,264	9,842	10,248
Program consultants and contributors	<u>51,505</u>	<u>8,802</u>	<u>16,609</u>	<u>9,812</u>	<u>9,180</u>	<u>4,155</u>	<u>100,063</u>	<u>1,657</u>	<u>4,000</u>	<u>5,657</u>	<u>105,720</u>	<u>102,553</u>
Total Expenses Before Depreciation	499,507	195,505	261,113	188,838	154,636	82,590	1,382,189	164,806	59,212	224,018	1,606,207	1,536,822
Depreciation	<u>313</u>	<u>313</u>	<u>313</u>	<u>313</u>	<u>313</u>	<u>313</u>	<u>1,878</u>	<u>313</u>	<u>313</u>	<u>626</u>	<u>2,504</u>	<u>3,758</u>
Total Expenses	<u>\$ 499,820</u>	<u>\$ 195,818</u>	<u>\$ 261,426</u>	<u>\$ 189,151</u>	<u>\$ 154,949</u>	<u>\$ 82,903</u>	<u>\$ 1,384,067</u>	<u>\$ 165,119</u>	<u>\$ 59,525</u>	<u>\$ 224,644</u>	<u>\$ 1,608,711</u>	<u>\$ 1,540,580</u>

See notes to financial statements

**The Christophers, Inc.**

Statement of Cash Flows

Year Ended December 31, 2022

(with comparative amounts for the year ended December 31, 2021)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,464,245)	\$ 225,927
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized and unrealized loss (gain) on investments	858,779	(411,240)
Net change in beneficial interest in trust	-	(5,143)
Depreciation	2,505	3,758
Amortization of right-of-use asset	363,753	157,361
Donated stocks and mutual funds	-	(192,941)
Changes in operating assets and liabilities		
Contributions receivable	283,199	(223,199)
Security deposit	(36,000)	38,000
Other assets	(963)	904
Accounts payable and accrued expenses	96,438	20,139
Lease liability for operating lease	(473,864)	(23,560)
Net Cash from Operating Activities	(370,398)	(409,994)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(2,082,748)	(1,497,713)
Proceeds from sale of investments	2,489,675	1,927,487
Net Cash from Investing Activities	406,927	429,774
Net Change in Cash	36,529	19,780
<b>CASH</b>		
Beginning of year	74,535	54,755
End of year	\$ 111,064	\$ 74,535
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Right-of-use asset obtained in exchange for lease obligation	\$ -	\$ 725,515

See notes to financial statements

## **The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2022 and 2021

### **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.

#### ***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.



## **The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2022 and 2021

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

#### ***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 to in exchange for the product. Payment for these sales are due 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. There were no in-kind contributions and donated services received during the years ended December 31, 2022 and 2021.

#### ***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, 2022 and 2021, the allowance for uncollectible receivables was \$80,000. All receivables are due within one year.

## **The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2022 and 2021

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

#### ***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.

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

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is provided on the straight-line method over the estimated useful lives of assets. Leasehold improvements are amortized on the straight-line method over the term of the lease or useful life, whichever is shorter. The Christophers capitalizes expenditures for property and equipment with a cost in excess of \$5,000. Costs for repairs and maintenance are charged to expense as incurred.

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

Financial instruments that potentially subject the Christophers to concentrations of credit and market risk consist principally of cash, contributions receivable and investments held at financial institutions. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. At times cash balances may exceed the FDIC limit. As of December 31, 2022 and 2021, the Christophers uninsured cash, did not exceed FDIC insured limits.

At December 31, 2022, three gifts totaling \$87,091 comprised approximately 99% of total contributions receivable. For the year ended December 31, 2022, one bequest for \$126,250 comprised approximately 14% of total support. This gift has no restrictions on its use.

## The Christophers, Inc.

Notes to Financial Statements  
December 31, 2022 and 2021

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

#### ***Concentrations of Credit Risk (continued)***

At December 31, 2021, three gifts totaling \$336,690 comprised approximately 91% of total contributions receivable. For the year ended December 31, 2021, two bequests totaling \$498,467 comprised approximately 40% of total support. These gifts have no restrictions on their use.

#### ***Leases***

The Christophers follows FASB Topic 842, *Leases*, using the effective date method with January 1, 2021 as the date of initial adoption, with certain practical expedients available.

The Christophers elected the available practical expedients to account for its existing operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, on January 1, 2021, the Christophers recognized a lease liability of \$725,515, that represents the present value of the remaining operating lease payments of \$756,241, discounted based on a weighted average of the risk-free interest rate using the treasury note rate for 3 and 5 years of 1.71%. The Christophers also recognized a right-of-use ("ROU") asset of \$681,897, that represents the operating lease liability of \$725,515, adjusted for deferred and accrued rent of \$151,825, and unamortized initial direct costs of \$108,208.

The Christophers leases office space and determines if an arrangement is a lease at inception. Their operating lease is included in operating lease - right-of-use asset ("ROU asset"), and lease liability for operating lease on the accompanying statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease does not provide an implicit borrowing rate. The Christophers uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Christophers will exercise that option.

The Christophers' lease agreements do not contain any material residual value guarantees or material restrictive covenants.

## **The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2022 and 2021

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

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

The costs of providing the various programs and support services have been summarized on a functional basis in the statements of activities and functional expenses. Specific expenses that are readily identifiable to a program or supporting service are charged directly to that function. Total salaries and related expenses are allocated based upon estimates of time and effort. Expenditure, which benefit multiple functions and are not easily identifiable to a particular function, are allocated based on the relative attribution of employee efforts.

#### ***Operating Measure***

The statement of activities separately report changes in net assets from operating and non-operating activities. Operating activities consist principally of revenues and expenses related to ongoing activities. Non-operating activities consist of changes in beneficial interests in trust.

#### ***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 2019.

#### ***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, 2021, from which the summarized information was derived.

#### ***Reclassifications***

Certain amounts in the 2021 financials statements have been reclassified to conform to the 2022 presentation. These reclassifications have no effect on the net assets and changes therein previously reported.

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

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through October 27, 2023, the date that the financial statements were available for issue.

## The Christophers, Inc.

Notes to Financial Statements  
December 31, 2022 and 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 over a 12-month period, the Christophers considers all 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:

	2022	2021
Cash	\$ 111,064	\$ 74,535
Contributions receivable, net	87,341	370,540
Investments	4,575,748	5,841,454
	\$ 4,774,153	\$ 6,286,529

The Christophers 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 investments measured at fair value based on inputs at December 31:

	2022			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money market funds	\$ 364,722	\$ -	\$ -	\$ 364,722
Investments in common stock	2,032,758	-	-	2,032,758
Mutual funds	850,303	-	-	850,303
Government and agency bonds	-	950,329	-	950,329
Corporate bonds	-	369,379	-	369,379
Beneficial interests in trust	-	-	59,486	59,486
Total at Fair Value	\$ 3,247,783	\$ 1,319,708	\$ 59,486	4,626,977
Interest and dividend receivable				8,257
Total Investments and Value of Beneficial Interest in Trust				\$4,635,234

**The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2022 and 2021

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

	2021			
	Quoted	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	Prices in Active Markets for Identical Assets (Level 1)			
	(Level 1)	(Level 2)	(Level 3)	Total
Money market funds	\$ 149,983	\$ -	\$ -	\$ 149,983
Investments in common stock	2,889,079	-	-	2,889,079
Mutual funds	1,193,850	-	-	1,193,850
Government and agency bonds	-	1,036,261	-	1,036,261
Corporate bonds	-	564,577	-	564,577
Beneficial interests in trust	-	-	59,486	59,486
Total at Fair Value	<u>\$ 4,232,912</u>	<u>\$ 1,600,838</u>	<u>\$ 59,486</u>	<u>5,893,236</u>
Interest and dividend receivable				<u>7,704</u>
Total Investments and Value of Beneficial Interest in Trust				<u>\$5,900,940</u>

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

	2022	2021
Dividend and interest income	\$ 95,178	\$ 102,804
Realized and unrealized (loss) gain on investments	(858,779)	411,240
	(763,601)	514,044
Investment fees	(46,164)	(50,120)
	<u>\$ (809,765)</u>	<u>\$ 463,924</u>

**5. Beneficial Interests in Trust**

The Christophers is a beneficiary of a beneficial interest in a charitable trust which is a donor-restricted fund whose purpose is to provide long term support to the Christophers. The Christophers received annual distributions which are included in income with donor restrictions. 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 trust is held and managed by independent corporate trustees. The undistributed with donor restricted trust amounts is \$59,486 at December 31, 2022 and 2021.

## The Christophers, Inc.

Notes to Financial Statements  
December 31, 2022 and 2021

### 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 ended December 31:

	<u>2022</u>	<u>2021</u>
Total beginning balance	\$ 59,486	\$ 54,343
Changes in beneficial interest included in change in net assets	<u>-</u>	<u>5,143</u>
Total ending balance	<u>\$ 59,486</u>	<u>\$ 59,486</u>

The Christophers has a remainderman interest in a different trust in the amount of \$26,383. The ultimate amount realizable by the Organization is not determinable at this point in time.

### 6. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</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>(152,838)</u>	<u>(150,333)</u>	
	<u>\$ -</u>	<u>\$ 2,505</u>	

### 7. Paycheck Protection Program Loan Forgiveness

In March 2021, the Christophers received loan proceeds in the amount of \$139,345 under the Second Draw provisions of the Paycheck Protection Program (the "PPP"). All or a portion of the PPP loan principal and accrued in interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes as described in the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), over a period of either eight or twenty-four weeks (the "Covered Period").

## The Christophers, Inc.

Notes to Financial Statements  
December 31, 2022 and 2021

### 7. Paycheck Protection Program Loan Forgiveness (*continued*)

The Christophers has elected to report the PPP loan proceeds as a conditional grant under requirements contained in Accounting Standards Update 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Accordingly, the Christophers recognized income as the conditions in the PPP loan were met. For the year ended December 31, 2021, the Christophers recognized PPP loan proceeds of \$139,345 as grant from government agency income in the statement of activities. In June 2022, the Small Business Administration notified the Christophers that the Second Draw PPP loan has been forgiven in full.

### 8. Operating Lease

The Christophers is obligated under an operating lease which includes escalations for its executive and administrative offices. Lease expense amounted to \$170,190 and \$183,945 for the years ended December 31, 2022 and 2021 and is included in occupancy on the statement of functional expenses. At December 31, 2022, the Christophers has a current lease liability of \$180,637 and a long term lease liability of \$47,454. The interest rate used in calculating the lease liability was 5.1%. The weighted average remaining lease term in years for operating lease is 1.25. Cash paid for amounts included in the measurement of operating lease liabilities was \$276,648.

Future minimum lease payments under the lease as of December 31 are as follows:

2023	\$ 186,736
2024	<u>47,859</u>
Total future minimum lease payments	234,595
Less imputed interest	<u>(6,504)</u>
Total lease liability	<u>\$ 228,091</u>

On June 1, 2023, pursuant to the lease agreement, the Christophers exercised their option to terminate their office lease early, effective March 31, 2024.

### 9. Pension Plans

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 the employer based on a percentage of covered compensation.



## **The Christophers, Inc.**

Notes to Financial Statements  
December 31, 2022 and 2021

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

As of January 1, 2022, the present value of accrued benefits was \$1,667,081,619 as compared to the market value of assets of \$1,253,781,200. The Plan's funded percentage on January 1, 2022, was 77.2%, however the funded status on December 31, 2022 has not been determined as of the date of these financial statements. Pension costs were \$74,340 and \$67,066 for the years ended December 31, 2022 and 2021.

### **10. Related Party Transactions**

The Christophers incurred legal fees and related disbursements of approximately \$69,500 and \$80,000 in 2022 and 2021, for services rendered by a firm in which one member is a board member and officer of the Christophers. The Christophers incurred \$27,700 and \$25,900 in 2022 and 2021, for consulting services from another board member. Another board member is an employee who received salary compensation of \$120,327 in both 2022 and 2021.

### **11. Risks and Uncertainties**

The global and domestic economic conditions have resulted in significant volatility in financial markets. This volatility has affected, and may continue to affect, the value of the Christophers' net assets. The effect of economic and market conditions subsequent to December 31, 2022, are not reflected in these financial statements and future effects on the Christophers cannot be predicted.

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