TEEN CHALLENGE, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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CITRINCOOPERMAN®
Accountants and Advisors

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Teen Challenge, Inc.
Brooklyn, New York

We have reviewed the accompanying financial statements of Teen Challenge, Inc. (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

White Plains, New York
June 9, 2021

TEEN CHALLENGE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 3,998,657	$ 151,213
Contributions receivable	25,087	18,686
Escrow account	-	3,500,000
Prepaid expenses and other assets	46,730	44,048
Temporarily restricted donations receivable	25,000	25,000
Property and equipment, net	1,336,087	1,289,754
Security deposits	11,000	1,000
Investments, at fair value	13,802,278	13,987,305
TOTAL ASSETS	$ 19,244,839	$ 19,017,006
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 31,122	$ 24,772
Accrued expenses and other liabilities	13,104	16,625
Capital lease obligations	148,279	214,148
Conditional donation	25,000	25,000
Other liabilities	24,328	30,410
Note payable	15,732	20,068
Total liabilities	257,565	331,023
Net assets:		
Without donor restrictions:		
Designated by the Board	15,831,219	16,203,350
Undesignated	3,126,896	2,462,323
	18,958,115	18,665,673
With donor restrictions	29,159	20,310
Total net assets	18,987,274	18,685,983
TOTAL LIABILITIES AND NET ASSETS	$ 19,244,839	$ 19,017,006

TEEN CHALLENGE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains:			
General donations	$ 564,313	$ 17,300	$ 581,613
Wills	53,340	-	53,340
Student-generated support	71,337	-	71,337
Store front income	80,253	-	80,253
Paycheck Protection Program grant income	112,873	-	112,873
Interest and dividend income - other	69,454	-	69,454
Interest and dividend income - endowment	266,785	-	266,785
Thrift store income	5,316	-	5,316
Other income	22,424	-	22,424
Net assets released from restrictions	8,451	(8,451)	-
Total revenue, support and gains	1,254,546	8,849	1,263,395
Expenses:			
Program services	1,019,331	-	1,019,331
Administrative and general	248,346	-	248,346
Fundraising	13,262	-	13,262
Total expenses	1,280,939	-	1,280,939
Other income (expense):			
Unrealized gains on investments	562,427	-	562,427
Loss on abandonment of assets	(83,151)	-	(83,151)
Transition expenses	(160,441)	-	(160,441)
Other income, net	318,835	-	318,835
Change in net assets	292,442	8,849	301,291
Net assets - beginning	18,665,673	20,310	18,685,983
NET ASSETS - ENDING	$ 18,958,115	$ 29,159	$ 18,987,274

TEEN CHALLENGE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains:			
General donations	$ 640,616	$ 20,420	$ 661,036
Wills	64,229	-	64,229
Student-generated support	107,346	-	107,346
Store front income	287,988	-	287,988
Special events (net of expenses of $5,705)	27,372	-	27,372
Interest and dividend income - other	71,324	-	71,324
Interest and dividend income - endowment	132,398	-	132,398
Thrift store income	7,683	-	7,683
Net assets released from restrictions	13,665	(13,665)	-
Total revenue, support and gains	1,352,621	6,755	1,359,376
Expenses:			
Program services	1,226,148	-	1,226,148
Administrative and general	281,172	-	281,172
Fundraising	29,121	-	29,121
Total expenses	1,536,441	-	1,536,441
Other income (expense):			
Gain on sale of building	16,460,884	-	16,460,884
Transition expenses:			
Applicable to sale of building	(265,288)	-	(265,288)
Other expenses	(294,081)	-	(294,081)
Other income, net	15,901,515	-	15,901,515
Change in net assets	15,717,695	6,755	15,724,450
Net assets - beginning	2,947,978	13,555	2,961,533
NET ASSETS - ENDING	$ 18,665,673	$ 20,310	$ 18,685,983

See independent accountant's review report and accompanying notes to financial statements.

TEEN CHALLENGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Administrative Services	Fundraising	Special Event Direct Costs	Total
Salaries and wages	$ 267,318	$ 71,703	$ -	$ -	$ 339,021
Missionary support	212,259	-	-	-	212,259
Depreciation and amortization	63,298	18,907	-	-	82,205
Bookkeeping services	-	65,780	-	-	65,780
Food	64,092	-	-	-	64,092
Employees' medical plans	45,126	12,105	-	-	57,231
Light, heat and power	42,826	4,758	-	-	47,584
Extended training program	40,310	-	-	-	40,310
Office supplies	34,635	4,816	-	-	39,451
Insurance	35,615	1,874	-	-	37,489
Benevolence and honorariums	31,200	-	-	-	31,200
Real estate tax expense	21,532	7,178	-	-	28,710
Professional fees	-	28,000	-	-	28,000
Postage	17,155	4,771	2,639	-	24,565
Vehicle expenses	23,738	-	-	-	23,738
Payroll taxes	17,934	4,811	-	-	22,745
Telephone	19,676	2,186	-	-	21,862
Travel and transportation	20,290	-	-	-	20,290
Computer-related expenses	7,249	10,874	-	-	18,123
Retirement housing allowance	12,900	4,300	-	-	17,200
Repairs and maintenance	9,949	-	-	-	9,949
Fundraising expenses	-	-	9,484	-	9,484
Hospitality	9,373	-	-	-	9,373
Interest	8,466	446	-	-	8,912
Bookstore expenses	7,673	-	-	-	7,673
Data processing services	2,264	1,066	-	-	3,330
Leased equipment	-	3,126	-	-	3,126
Recreation expense	2,441	-	-	-	2,441
Dues and subscriptions	2,012	-	-	-	2,012
Advertising and promotion	-	-	1,139	-	1,139
Bank and credit card fees	-	946	-	-	946
Thrift store expenses	-	699	-	-	699
	1,019,331	248,346	13,262	-	1,280,939
Special event direct costs	-	-	-	-	-
TOTAL EXPENSES BY FUNCTION	$ 1,019,331	$ 248,346	$ 13,262	$ -	$ 1,280,939

See independent accountant's review report and accompanying notes to financial statements.

TEEN CHALLENGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Administrative Services	Fundraising	Special Event Direct Costs	Total
Salaries and wages	$ 314,971	$ 108,124	$ -	$ -	$ 423,095
Food	93,027	-	-	-	93,027
Depreciation and amortization	71,224	21,275	-	-	92,499
Light, heat and power	79,044	8,783	-	-	87,827
Office supplies	74,239	6,456	-	5,582	86,277
Benevolence and honorariums	83,435	-	-	-	83,435
Employees' medical plans	60,542	21,271	-	-	81,813
Repairs and maintenance	74,437	-	-	-	74,437
Insurance	63,445	3,339	-	-	66,784
Missionary support	64,924	-	-	-	64,924
Postage	33,983	12,748	5,228	-	51,959
Bookstore expenses	41,605	-	-	-	41,605
Vehicle expenses	37,770	-	-	-	37,770
Travel and transportation	36,015	-	-	-	36,015
Bookkeeping services	-	33,609	-	-	33,609
Telephone	26,792	2,977	-	-	29,769
Payroll taxes	21,044	7,394	-	-	28,438
Loss on disposal of other assets	-	23,037	-	-	23,037
Fundraising expenses	-	-	22,092	-	22,092
Hospitality	19,142	-	-	123	19,265
Computer-related expenses	6,591	9,886	-	-	16,477
Bank and credit card fees	-	12,870	-	-	12,870
Recreation expense	10,736	-	-	-	10,736
Data processing services	5,416	2,548	-	-	7,964
Professional fees	-	6,550	-	-	6,550
Dues and subscriptions	4,787	-	-	-	4,787
Interest	2,979	157	-	-	3,136
Advertising and promotion	-	-	1,801	-	1,801
Thrift store expenses	-	148	-	-	148
	1,226,148	281,172	29,121	5,705	1,542,146
Special event direct costs	-	-	-	(5,705)	(5,705)
TOTAL EXPENSES BY FUNCTION	$ 1,226,148	$ 281,172	$ 29,121	$ -	$ 1,536,441

See independent accountant's review report and accompanying notes to financial statements.

TEEN CHALLENGE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 301,291	$ 15,724,450
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	82,205	92,499
Realized and unrealized gain on investments	(562,427)	-
Gain on sale of building	-	(16,460,884)
Loss on abandonment of assets	83,151	23,037
Capital lease payment from insurance proceeds	(11,769)	-
Changes in operating assets and liabilities:		
Contributions receivable	(6,401)	60,463
Security deposits	(10,000)	19,500
Related-party advances	-	500
Prepaid expenses and other assets	(2,682)	23,191
Accounts payable	6,351	20,772
Accrued expenses and other liabilities	(9,603)	(34,886)
Net cash used in financing activities	(129,884)	(531,358)
Cash flows from investing activities:		
Purchases of property and equipment	(211,690)	(275,774)
Proceeds from sales of property and equipment	-	17,000,000
Withdrawal of certificate of deposit	290,015	-
Sale (purchase) of long-term investments	457,439	(12,715,841)
Net cash provided by investing activities	535,764	4,008,385
Cash flows from financing activities:		
Proceeds from note payable	-	22,867
Payments on capital lease payable	(54,100)	(24,258)
Principal payments on note payable	(4,336)	(2,799)
Net cash used in financing activities	(58,436)	(4,190)
Net increase in cash and cash equivalents	347,444	3,472,837
Cash and cash equivalents and restricted cash - beginning	3,651,213	178,376
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - ENDING	$ 3,998,657	$ 3,651,213
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ 8,912	$ 3,136
Supplemental schedules of non-cash investing and financing activities:		
Equipment financed through capital lease arrangement	$ -	$ 135,534

See independent accountant's review report and accompanying notes to financial statements.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Teen Challenge, Inc. (the "Organization") qualifies as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code (the "IRC") and under the laws of the state of New York. The Organization was incorporated in 1965 in Brooklyn, New York, dedicated to serving its mission to help individuals overcome life-controlling addictions and initiate the discipleship process to the point where the individual can function as a productive Christian member of society. The Organization teaches a whole new way of living by addressing family relationships, work attitudes, self-image and esteem, peer pressure, addictions, social issues, community relationship, and a variety of other life skills. The Organization endeavors to help people become mentally sound, emotionally balanced, socially adjusted, physically well, and spiritually alive. The Organization is supported primarily through contributions from donors.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. It is the policy of the board of directors (the "Board") of the Organization to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such improvements and acquisitions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. As of December 31, 2020 and 2019, there were no perpetual donor-imposed restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

The Organization records property and equipment additions at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets.

The useful lives, by asset group of the property and equipment, are as follows:

Building and improvements	15 - 39 years
Furniture and fixtures	7 years
Equipment	5 years
Automobiles	5 years

When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Investment transactions are recorded on a trade-date basis. Investment earnings are reported in the statements of activities as an increase in net assets without donor restrictions unless otherwise specified by donors. Investment earnings consist of interest and dividend income, and realized and unrealized gains and losses. Total unrealized gains for the year ended December 31, 2020 totaled $629,689, which is shown in the accompanying statement of activities net of investment management fees of $67,262.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents consist primarily of cash on deposit and money market accounts. The escrow account represented funds that were retained by the order of the NYS Attorney General - Charities Bureau (the "Court") from the sale of 444 Clinton (see Note 6). The Court mandated that these funds be held until a signed construction contract was obtained for new office space. During the year ended December 31, 2020, a contract was obtained and the escrow was released.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents and Restricted Cash (Continued)

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total of such amounts shown on the statements of cash flows as of December 31, 2020 and 2019:

	2020	2019
Cash and cash equivalents	$ 3,998,657	$ 151,213
Escrow account	-	3,500,000
Total cash and restricted cash shown on the statements of cash flows	$ 3,998,657	$ 3,651,213

Revenue and Revenue Recognition

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from donor restrictions.

Store front revenue, which is not material, is recognized when control is transferred. Program service fees and grant payments received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions and donations are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions of non-cash assets, when provided, are recorded at their fair values at the date received. Donations of non-cash assets without readily determinable fair values are not recognized by the Organization; instead, income from the sale of these items is recognized if and when they are sold. Contributions of services are recorded at their fair values in the period received if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued But Not Yet Effective Accounting Pronouncements

In February 2016, FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). This update requires all leases with terms greater than 12 months to be recognized on the statement of financial position through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. FASB also issued ASU No. 2018-10, *Codification Improvements to Topic 842,* and ASU No. 2018-11, *Leases*: *Targeted Improvements*, in July 2018. These updates provide narrow amendments to clarify how to apply certain aspects of the new leases standard and options regarding transition. This option will not require prior periods to be restated at the adoption date. ASU 2016-02, as amended, is effective for fiscal years beginning after December 15, 2021, and the Organization is currently evaluating the effect on its financial statements and related disclosures.

Conditional Donations

Conditional donations are recognized when substantially all of the donor-imposed conditions have been met. Any assets contributed before the conditions are substantially met are accounted for as a liability.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the IRC and comparable state tax laws, and contributions to the Organization are tax deductible within the limitations prescribed by the IRC. The Organization has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the IRC.

Functional Allocation of Expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the accompanying statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses directly attributable to a specific functional area are reported as expenses to those functional areas. A portion of general and administrative costs that benefit multiple functional areas has been allocated across programs and other supporting services based on management's best estimate, considering factors such as time and effort and proportion of employee time spent on programs and other supporting services to total organizational time spent.

Subsequent Events

The Organization has evaluated subsequent events through June 9, 2021, the date the financial statements were available to be issued. Except for the matter described in Note 15, there were no material subsequent events that required recognition or additional disclosure in the financial statements.

NOTE 2. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of December 31, 2020 and 2019:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents:		
Cash on hand	$ 1,500	$ 3,000
Checking accounts	3,996,395	147,453
Money market accounts	762	760
Total cash and cash equivalents	3,998,657	151,213
Contributions receivable	25,087	18,686
Investments, at fair value	13,802,278	13,987,305
Financial assets available to meet general expenditures	17,826,022	14,157,204
Less amounts not available to be used in the next 12 months:		
Certificates of deposit with maturity dates in excess of 12 months	-	2,377,985
Fixed income securities with maturity dates in excess of 12 months	6,679,769	1,436,841
Total financial assets not available for operations in the next 12 months	6,679,769	3,814,826
Financial assets available to meet general expenditures over the next 12 months	$ 11,146,253	$ 10,342,378

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in long-term investments.

NOTE 3. FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

NOTE 3. FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to its assessment of the quality, risk, or liquidity profile of the asset or liability.

The following tables present investments measured at fair value on a recurring basis at December 31, 2020 and 2019:

	Total at December 31, 2020	Level 1	Level 2	Level 3
Assets:				
Certificates of deposit	$ 2,087,970	$ 2,087,970	$ -	$ -
Cash and money market funds (at cost)	215,360	215,360	-	-
Real estate funds	12,718	12,718	-	-
Global equity mutual funds	2,034,346	2,034,346	-	-
Fixed income:				
U.S. government obligations	1,891,343	1,891,343	-	-
Corporate bonds	3,321,648	3,321,648	-	-
Municipal bonds	4,238,893	4,238,893	-	-
	$ 13,802,278	$ 13,802,278	$ -	$ -

NOTE 3. FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

	Total at December 31, 2019	Level 1	Level 2	Level 3
Assets:				
Certificates of deposit	$ 2,377,985	$ 2,377,985	$ -	$ -
Cash and money market funds (at cost)	3,523,287	3,523,287	-	-
Real estate funds	3,566	3,566	-	-
Global equity mutual funds	2,318,388	2,318,388	-	-
Fixed income:				
U.S. government obligations	704,555	704,555	-	-
Corporate bonds	1,114,953	1,114,953	-	-
Municipal bonds	3,944,571	3,944,571	-	-
	$ 13,987,305	$ 13,987,305	$ -	$ -

During the year ended December 31, 2020, there were no transfers between levels of the fair value hierarchy. Following is a description of the valuation methodologies used for assets at fair value:

Certificates of Deposit – Certificates of deposit are valued at cost plus interest, which approximates the fair value.

Global Equity Mutual Funds – Funds focused on private equity investments primarily in foreign markets, including emerging markets.

Real Estate Funds – Funds focused on real estate assets primarily located in the United States. These investments are not redeemable. Instead, distributions are received through the liquidation of the underlying assets in the fund. The terms of these investments range from 2 to 10 years.

Corporate Bonds – Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities or identical securities on inactive markets. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. Government Obligations - U.S. government obligations are valued using pricing models maximizing the use of observable inputs for similar securities on active markets.

The methods used above to determine fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while management believes the valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Financial instruments involve, to varying degrees, elements of market risk and credit risk in excess of the amounts recorded on the statements of financial position. For the Organization, market risk represents the potential loss due to the decrease in the value of financial instruments; and credit risk represents the maximum potential loss due to possible nonperformance of contract terms by obligors and counterparties.

NOTE 4. CONCENTRATIONS OF CREDIT RISK

The Organization places its cash and cash equivalents, which may at times be in excess of federally insured limits, with major financial institutions and limits the amount of credit exposure with any one institution. The Organization has not experienced any losses in these accounts and feels that it is not exposed to any significant credit risk with regards to cash.

The Organization also places its investments in accounts with financial institutions that are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other federal or state authority or regulatory agency. Investments are made by diversified investment managers whose performance is monitored by the Organization and the investment committee of the Board. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization. The Organization has not experienced any losses in these accounts and feels that it is not exposed to any significant credit risk with regards to its investments.

Credit risk associated with contributions receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of its mission.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2020 and 2019:

	2020	2019
Land	$ 283,509	$ 283,509
Buildings and improvements:		
416 Clinton Avenue	66,956	185,339
Staff house	482,651	482,651
Furnishings and equipment	186,973	175,121
Automobiles	180,818	214,358
Construction in progress	448,970	237,280
	1,649,877	1,578,258
Less: accumulated depreciation and amortization	313,790	288,504
	$ 1,336,087	$ 1,289,754

Depreciation and amortization expense totaled $82,205 and $92,499 for the years ended December 31, 2020 and 2019, respectively.

Furnishings and equipment and automobiles include assets acquired under capital leases with a cost of $238,515 and $297,371 at December 31, 2020 and 2019, respectively. Related amortization included in accumulated depreciation was $109,135 and $109,979 at December 31, 2020 and 2019, respectively. Capital leases are included as a component of furnishings and equipment and automobiles (see Note 9). Amortization of assets under capital lease is included in depreciation and amortization expense.

NOTE 6. SALE OF LAND AND BUILDING

On May 25, 2018, the Organization entered into a contract with 444 Clinton LLC for the sale of the land and building located at 444 Clinton Avenue ("444 Clinton") for $17,000,000. The Organization petitioned the Court of the NYS Attorney General - Charities Bureau (the "Court") to receive approval of the sale pursuant to Section 511 of the New York State Not-For-Profit Corporation Law and Section 12 of the New York State Religious Corporations Law. The petition outlined how the proceeds from the sale would be utilized by the Organization as determined by the Board (see Note 10). The Organization received approval from the Court for the sale of the property and the use of proceeds on January 2, 2019 (the "Court's Approval"). The closing subsequently occurred on June 8, 2019. Additionally, the Court's Approval stated $3,500,000 shall remain in an escrow account until further notice by the Court for purposes of building renovation. Accordingly, $3,500,000 is recorded in "Escrow account" in the accompanying statement of financial position at December 31, 2019. During 2020, the Court released the $3,500,000 from escrow and it was transferred to a cash account for purposes of building renovations.

In connection with the sale of 444 Clinton, the Organization recognized a gain of $16,460,884 (exclusive of legal fees of approximately $265,000 included in transition expenses), which is included in the accompanying statement of activities for the year ended December 31, 2019. In addition, the Organization incurred certain legal and professional fees to facilitate the closing as well as fees for temporary office space while relocating to permanent office space (the "Transition expenses"). For the years ended December 31, 2020 and 2019, Transition expenses totaled $160,441 and $559,369, respectively, and were comprised of the following:

	2020	2019
Applicable to sale of building:		
Professional fees related to sale of 444 Clinton	$ -	$ 265,288
Other expenses:		
Rent - Rockaway	159,129	-
Rent - Eddy Farms	-	147,592
Rent - 388 Clinton Ave.	-	116,941
Rent - Westbrooksville, NY	1,312	29,548
Total other expenses	160,441	294,081
Total Transition expenses	$ 160,441	$ 559,369

NOTE 7. PAYCHECK PROTECTION PROGRAM

On June 8, 2020, the Organization received loan proceeds totaling $112,873 under the Paycheck Protection Program (the "PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage, interest and utilities, and maintains its payroll levels, as defined by the PPP. At least 60% of the amount forgiven must be attributable to payroll costs, as defined by the PPP.

The PPP loan matures two years from the date of the first disbursement of proceeds to the Organization (the "PPP Loan Date") and accrues interest at a fixed rate of 1%. Payments are deferred for the first six months (the "Covered Period"). On June 11, 2020, the Small Business Administration (the "SBA") revised the deferral period to be 10 months following the end of the Covered Period (the "Deferral Period"). Any amounts not forgiven are payable in equal consecutive monthly installments of principal and interest commencing upon expiration of the Deferral Period. Additionally, any accrued interest that is not forgiven under the PPP will be due on the first payment date, which is the 15th of the month following the month in which the Deferral Period expires.

The Organization believes it has used the proceeds consistent with the PPP; however, there can be no assurances that the Organization will ultimately meet the conditions for forgiveness of the loan or that the Organization will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allow for the selection of accounting policies amongst acceptable alternatives. Based on the facts and circumstances, the Organization has determined it most appropriate to account for the PPP loan proceeds under the conditional contribution model with ASC 958-605. Under the conditional contribution model, the Organization recognizes the proceeds received as a refundable advance, and subsequently recognizes grant revenue as the conditions are met. Conditions are deemed to be met as the allowable expenses are incurred. The Organization deemed the conditional contribution model to be the most appropriate accounting policy for this arrangement based on the nature of the PPP loan program. The Organization recognized $112,873 in grant revenue under the PPP loan program during the year ended December 31, 2020, which is included in "Paycheck Protection Program grant income" on the accompanying statement of activities.

NOTE 8. CONDITIONAL PROMISES TO GIVE

In 2016, the Organization received a conditional promise to give in the amount of $25,000 relating to construction of a library and related signage to be displayed at the library. As of December 31, 2020, the library had not been completed and the conditions were not met. Conditional promises to give are included in the accompanying statements of financial position as follows:

	2020	2019
Temporarily restricted donations receivable	$ 25,000	$ 25,000

NOTE 9. LEASES

The Organization leases vehicles and certain office equipment under agreements that are classified as capital leases. The cost of the assets acquired under capital leases are included in the accompanying statements of financial position as "Property and equipment, net" (see Note 5).

At December 31, 2020, the Organization is obligated under non-cancelable operating leases for equipment, which expire in 2025.

Future minimum annual lease payments at December 31, 2020, are as follows:

Year ending December 31:	Capital Leases	Operating Leases
2021	$ 56,046	$ 35,756
2022	41,223	5,066
2023	35,608	3,686
2024	28,668	3,686
2025	-	307
Total minimum lease payments	161,545	$ 48,501
Less: amount representing interest	13,266	
Capital lease obligations	$ 148,279	

Rent expense for the years ended December 31, 2020 and 2019, totaled $5,197 and $2,071, respectively.

NOTE 10. NET ASSETS DESIGNATED BY THE BOARD

As of December 31, 2020 and 2019, net assets available under Board-designated funds were as follows:

Description	2020	2019
Endowment	$ 10,000,000	$ 11,000,000
Building renovations - 416 Clinton	5,551,030	4,762,720
Transition costs	280,189	440,630
Total net assets designated by the Board	$ 15,831,219	$ 16,203,350

NOTE 10. NET ASSETS DESIGNATED BY THE BOARD (CONTINUED)

Designated by the Board for Endowment

At January 1, 2019, the Organization had no net assets without donor restrictions designated as a general endowment fund to support the mission of the Organization. The Organization has a spending policy of appropriating each year's income earned by the endowment fund thus maintaining the principal value of the endowment fund until a decision can be made by the Board as to how to apportion the endowment fund. The Board must vote and approve by a 2/3 resolution in order for the endowment assets to be spent or to change their designation. During the year ended December 31, 2019, the Board designated $11,000,000 of the proceeds received from the sale of 444 Clinton (see Note 6) as a general endowment fund to generate income that would support the mission of the Organization and help cover operating expenses. Since the endowment resulted from an internal designation and is without donor restrictions, it is classified and reported as net assets without donor restrictions in the accompanying statements of financial position. The endowment assets are invested in mutual funds and fixed income securities held by various financial institutions.

During the year ended December 31, 2020, the Board resolved to release a total of $1,000,000 from the Board-designated endowment to building renovations for the construction of 416 Clinton.

The composition of and changes in the Board-designated endowment fund for the years ended December 31, 2020 and 2019, were as follows:

Designated by the Board for endowment - January 1, 2019	$ -
Amounts designated by Board for endowment	11,000,000
Investment income	132,398
Amounts approved for expenditure	(132,398)
Designated by the Board for endowment - December 31, 2019	11,000,000
Investment income	266,785
Released from restrictions	(1,000,000)
Amounts approved for expenditure	(266,785)
Designated by the Board for endowment - December 31, 2020	$ 10,000,000

NOTE 11. RETIREMENT PLAN

In 1999, the Organization established a tax-deferred retirement plan under the umbrella of the Assemblies of God Select Retirement Plan (the "Plan"). The Plan is intended to be a retirement income account program as described in IRC Section 403(b) covering substantially all full-time employees. The Plan is also intended to be a "church plan" within the meaning of Section 414(e) of the IRC and Section 3(33) of the Employee Retirement Income Security Act of 1974 ("ERISA") and, as such, is exempt from the requirements of ERISA. During 2010, the Board suspended the Plan indefinitely. No contributions to the Plan were made during the years ended December 31, 2020 and 2019.

NOTE 12. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020 and 2019, $29,159 and $20,310, respectively, were available to be used in accordance with the provisions of several grants received.

During the years ended December 31, 2020 and 2019, net assets released from donor restrictions either by incurring expenses satisfying the restricted purposes or by the donor's removal of such restrictions are as follows:

	2020	2019
Hope for New York:		
Kitchen and health related	$ 8,451	$ 13,665

NOTE 13. RELATED-PARTY TRANSACTION

For the period January 1, 2019 through July 14, 2020, the Organization's former president served as the director of Behold Ministries, Inc. ("Behold"), another religious ministry. During the years ended December 31, 2020 and 2019, the Organization made contributions of $150,200 and $1,000, respectively, to Behold.

NOTE 14. RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") to constitute a "Public Health Emergency of International Concern." Disruptions to operations could occur as a result of quarantines of employees, customers and suppliers in areas affected by the outbreak. Given the uncertainty of the situation, the duration of the disruption and related financial impact cannot be reasonably estimated at this time.

During the COVID-19 pandemic, the Organization's services have not been materially interrupted. As the situation continues to evolve, the Organization is closely monitoring the impact of the COVID-19 pandemic on all aspects of the business, including how it impacts its donors, suppliers, vendors and employees, in addition to how the COVID-19 pandemic impacts its ability to provide services. The Organization believes the ultimate impact of the COVID-19 pandemic on its operating results, cash flows and financial condition is likely to be determined by factors which are uncertain, unpredictable and outside of the Organization's control. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially adversely impact the Organization.

NOTE 15. SUBSEQUENT EVENTS

On February 25, 2021, the Organization received additional loan proceeds of $112,872 under the PPP (the "Second PPP Loan"). The Second PPP Loan has terms similar to the PPP described in Note 7.

The Organization currently intends to use the proceeds for purposes consistent with the PPP; however, there can be no assurances that the Organization will ultimately meet the conditions for forgiveness of the loan or that management will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.