

**The Union Mission  
and Union Mission Holding Corporation**

Combined Financial Statements

June 30, 2019

**The Union Mission  
and Union Mission Holding Corporation**

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## Report of Independent Auditors

The Board of Directors  
The Union Mission  
and Union Mission Holding Corporation

We have audited the accompanying combined financial statements of The Union Mission and Union Mission Holding Corporation (Organization) which comprise the combined statements of financial position as of June 30, 2019, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of The Union Mission and Union Mission Holding Corporation as of June 30, 2019 and the changes in their net assets and their 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 Union Mission's and Union Mission Holding Corporation's June 30, 2018 combined financial statements, and our report dated September 18, 2018, expressed an unmodified opinion on those audited combined financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

*Roger L. Handy, PC*

September 22, 2019

**The Union Mission  
and Union Mission Holding Corporation**

**Combined Statement of Financial Position**

		June 30,	
		Total 2019	Comparative Total 2018
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 2,471,815	\$ 1,241,365
Unconditional promises to give, net of allowance \$28,025 and \$38,000; respectively (see Note 4)		9,973	21,722
Accounts receivable		29,786	9,960
Grants receivable		24,500	26,000
Inventory		61,237	16,049
Prepaid expenses		22,918	20,923
<b>Total current assets</b>		2,620,229	1,336,019
<b>Property and equipment</b>			
Land, building and equipment (see Note 5)		39,823,863	39,958,604
Less accumulated depreciation		(12,904,187)	(12,056,022)
<b>Property and equipment, net</b>		26,919,676	27,902,582
<b>Other assets</b>			
Unconditional promises to give, net		132,381	95,858
Investments		814,906	673,829
Beneficial interest in charitable remainder trusts		460,000	460,000
Beneficial interest in perpetual trusts		8,760,000	8,360,000
Other assets		70,862	69,736
Intangible assets, goodwill and license		9,107	9,882
<b>Total other assets</b>		10,247,256	9,669,305
<b>Total assets</b>		\$ 39,787,161	\$ 38,907,906
<b>Liabilities and Net Assets</b>			
<b>Current liabilities</b>			
Accounts payable		\$ 204,258	\$ 174,338
Accrued expenses		203,710	189,775
<b>Total current liabilities</b>		407,968	364,113
<b>Total liabilities</b>		407,968	364,113
<b>Net assets</b>			
Net assets without donor restrictions		28,850,647	28,513,798
Net assets with donor restrictions		10,528,546	10,029,995
<b>Total net assets</b>		39,379,193	38,543,793
<b>Total liabilities and net assets</b>		\$ 39,787,161	\$ 38,907,906

See notes to financial statements.

**The Union Mission  
and Union Mission Holding Corporation**

**Combined Statement of Activities**

	Years Ended June 30,			Comparative Total 2018
	Without Donor Restrictions	With Donor Restrictions	Total 2019	
<b>Public support</b>				
Contributions	\$ 5,082,633	\$ 81,359	\$ 5,163,992	\$ 4,938,746
Noncash contributions	1,864,347	1,420	1,865,767	1,056,671
Bequests	980,395	334,648	1,315,043	79,968
Noncash bequests	-	-	-	-
Grants	185,000	32,120	217,120	127,000
Net assets released from restrictions	350,996	(350,996)	-	-
	<u>8,463,371</u>	<u>98,551</u>	<u>8,561,922</u>	<u>6,202,385</u>
<b>Revenue</b>				
Store sales	642,917	-	642,917	535,630
Less cost of goods sold	(132,628)	-	(132,628)	(45,376)
Net store sales	510,289	-	510,289	490,254
SRO revenue	225,440	-	225,440	228,410
Rag sales	159,030	-	159,030	133,399
Other sales	11,698	-	11,698	9,460
Camp Retreat revenue	81,868	-	81,868	56,420
Rental income	20,598	-	20,598	16,450
Change in value of beneficial interest in charitable remainder trusts	-	-	-	360,000
Change in value of beneficial interest in perpetual trust	-	400,000	400,000	20,000
Investment income(loss)	295,860	-	295,860	248,547
Other income	14,434	-	14,434	11,896
Gain (loss) on sale of assets	(19,751)	-	(19,751)	(14,349)
	<u>1,299,466</u>	<u>400,000</u>	<u>1,699,466</u>	<u>1,560,487</u>
<b>Total revenues and support</b>	<u>9,762,837</u>	<u>498,551</u>	<u>10,261,388</u>	<u>7,762,872</u>
<b>Program service expenses</b>				
Women and Family Shelter	1,274,639	-	1,274,639	1,153,433
Retail Training Center	951,516	-	951,516	883,698
Rescue Mission	3,874,926	-	3,874,926	3,783,626
Camp Hope Haven	354,424	-	354,424	312,683
Children's Home	381,717	-	381,717	436,582
Good News Network	152,080	-	152,080	167,177
Reaching Romania	229,341	-	229,341	247,654
Wellness Program	98,605	-	98,605	93,560
	<u>7,317,248</u>	<u>-</u>	<u>7,317,248</u>	<u>7,078,413</u>
<b>Supporting service expenses</b>				
Management and general	707,521	-	707,521	624,202
Fund raising	1,401,219	-	1,401,219	1,381,259
	<u>2,108,740</u>	<u>-</u>	<u>2,108,740</u>	<u>2,005,461</u>
<b>Total expenses</b>	<u>9,425,988</u>	<u>-</u>	<u>9,425,988</u>	<u>9,083,874</u>
Change in net assets	336,849	498,551	835,400	(1,321,002)
<b>Net assets, beginning of year</b>	<u>28,513,798</u>	<u>10,029,995</u>	<u>38,543,793</u>	<u>39,864,795</u>
<b>Net assets, end of year</b>	<u>\$ 28,850,647</u>	<u>\$ 10,528,546</u>	<u>\$ 39,379,193</u>	<u>\$ 38,543,793</u>

See notes to financial statements.

**The Union Mission  
and Union Mission Holding Corporation**

**Combined Statement of Cash Flows**

	<b>Years Ended June 30,</b>	
	<b>Total 2019</b>	<b>Comparative Total 2018</b>
<b>Cash flows from operating activities</b>		
Cash received from contributors	\$ 6,671,755	\$ 5,128,398
Cash received from sales and services	957,910	900,959
Cash received from investment income	315,925	256,008
Cash paid to suppliers and employees	(7,393,289)	(6,952,501)
<b>Net cash provided/(used) by operating activities</b>	552,301	(667,136)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(114,185)	(122,417)
Proceeds from disposal of fixed assets	-	3,647
Cash paid for investments	(373,467)	(377,992)
Proceeds from disposal of investments	1,165,801	1,456,779
<b>Net cash provided by investing activities</b>	678,149	960,017
<b>Increase in cash and cash equivalents</b>	1,230,450	292,881
<b>Cash and cash equivalents</b>		
Beginning of year	1,241,365	948,484
End of year	\$ 2,471,815	\$ 1,241,365
<b>Reconciliation of change in net assets to net cash provided by operating activities</b>		
Change in net assets	\$ 835,400	\$ (1,321,002)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,095,559	1,107,423
Amortization	775	775
Provision for bad debts	-	-
Realized (gain) loss on disposition of assets	19,751	14,349
Realized (gain) loss on investments	34,874	(6,054)
Unrealized (gain) loss on investments	(14,810)	13,515
Change in value of beneficial interest in charitable remainder trusts	-	(360,000)
Change in value of beneficial interest in perpetual trusts	(400,000)	(20,000)
Non-cash bequests and contributions of assets	(971,694)	(99,891)
Change in cash value of life insurance	(1,126)	(1,131)
Other	-	-
(Increase)/decrease unconditional promises to give	(24,774)	(13,301)
(Increase)/decrease in SRO receivable	(19,826)	70
(Increase)/decrease in grant receivable	1,500	7,500
(Increase)/decrease in inventory	(45,188)	(16,049)
(Increase)/decrease in prepaid expenses	(1,995)	(1,406)
Increase/(decrease) in accounts payable	29,920	15,473
Increase/(decrease) in accrued expenses	13,935	12,593
<b>Net cash provided/(used) by operating activities</b>	\$ 552,301	\$ (667,136)
<b>Supplemental disclosure of cash flow information</b>		
Noncash operating and investing activities		
Contributions of donated services	\$ 26,638	\$ 25,100
Contributions of donated goods	867,435	942,064
Bequests and contributions of assets	971,694	99,891
	\$ 1,865,767	\$ 1,067,055

See notes to financial statements.

**The Union Mission  
and Union Mission Holding Corporation**  
**Combined Statement of Functional Expenses**

	<b>Program Services</b>					
	Women and Family Shelter	Retail Training Center	Rescue Mission	Camp Hope Haven	Children's Home	Good News Network
Activities	\$ 175	\$ -	\$ 230	\$ -	\$ -	\$ -
Advertising	-	-	-	-	-	-
Amortization	-	-	-	-	-	-
Background checks	708	116	160	460	-	775
Bad debt expense / (recovery)	-	-	-	-	-	-
Bank charges	-	11,962	331	1,423	24	-
Children's activities	-	-	-	-	2,248	-
Children's expense	-	-	-	-	2,202	-
Commissions	-	18,527	-	-	-	-
Contract labor	150	58,575	25,943	15,330	12,426	-
Contributions	68,337	50	234,215	8,799	311	-
Cost of goods sold	-	132,628	-	-	-	-
Depreciation	269,132	134,383	592,651	16,994	59,161	18,969
Dues and subscriptions	-	335	8,965	80	2,810	-
E-Appeals	-	-	-	-	-	-
Employee training	4,133	1,897	28,730	2,478	1,032	-
Equipment rental	6,000	2,214	2,093	2,088	100	21,130
Food	106,365	-	510,179	26,161	9,508	-
Health insurance	25,854	12,657	58,393	13,233	10,528	6,092
Indigent aid	-	92,491	13,945	-	-	-
Insurance	16,685	25,245	52,019	16,093	18,542	11,689
Licenses	530	4,549	4,926	457	605	1,665
Mail production	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Miscellaneous	188	542	740	3,174	210	-
Office supplies	2,658	4,547	5,631	280	291	-
Payroll taxes	38,715	30,622	114,201	9,361	428	-
Postage	-	-	1,454	23	6,243	4,223
Prescriptions	-	-	-	72	-	45
Printing	-	-	-	-	-	-
Professional fees	-	-	8,618	-	-	-
Promotion	-	-	265	-	-	4,610
Public awareness	-	-	89,284	-	-	-
Rent	-	-	-	-	-	-
Repairs and maintenance	19,637	34,981	124,644	40,186	35,869	742
Salary and fringe benefits	535,103	415,961	1,573,475	134,649	89,053	59,820
Software support	-	978	6,555	-	1,955	-
SRO income - forgiven	-	-	24,420	-	-	-
Supplies	46,091	20,600	117,536	34,187	20,341	3,064
Taxes	-	18,266	15,384	-	-	-
Telephone and Internet	2,050	5,786	22,988	425	12,529	13,253
Telephone Appeal	-	-	-	-	-	-
Travel	398	9,840	10,101	841	1,848	704
Utilities	131,730	46,392	226,850	27,702	93,381	5,299
Total expenses by function	<u>1,274,639</u>	<u>1,084,144</u>	<u>3,874,926</u>	<u>354,424</u>	<u>381,717</u>	<u>152,080</u>
Less expenses included with revenues on the statement of activities						
Cost of goods sold	-	(132,628)	-	-	-	-
Total expenses included in the expense section on the statement of activities	<u>\$ 1,274,639</u>	<u>\$ 951,516</u>	<u>\$ 3,874,926</u>	<u>\$ 354,424</u>	<u>\$ 381,717</u>	<u>\$ 152,080</u>

See notes to financial statements.



Years Ended June 30,

Supporting Services

Reaching Romania	Wellness Program	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total 2019 Functional Expenses	Comparative Total 2018 Functional Expenses
\$ -	\$ -	\$ 405	\$ -	\$ -	\$ -	\$ 405	\$ 355
-	-	-	-	715	715	715	1,436
-	-	775	-	-	-	775	775
-	-	1,444	80	-	80	1,524	1,796
-	-	-	-	-	-	-	-
180	-	13,920	39,358	2,862	42,220	56,140	50,757
-	-	2,248	-	-	-	2,248	1,223
-	-	2,202	-	-	-	2,202	2,443
-	-	18,527	-	-	-	18,527	16,101
40,000	-	152,424	28,369	-	28,369	180,793	126,576
150,000	-	461,712	52	-	52	461,764	511,438
-	-	132,628	-	-	-	132,628	45,376
-	-	1,091,290	4,269	-	4,269	1,095,559	1,107,423
-	-	12,190	739	3,540	4,279	16,469	10,081
-	-	-	-	20,982	20,982	20,982	41,041
-	-	38,270	12,701	-	12,701	50,971	29,862
-	-	33,625	-	-	-	33,625	41,861
2,464	-	654,677	-	-	-	654,677	644,633
-	4,318	131,075	13,331	-	13,331	144,406	131,411
-	-	106,436	-	-	-	106,436	139,304
4,212	-	144,485	20,423	-	20,423	164,908	159,741
-	-	12,732	765	945	1,710	14,442	9,581
-	-	-	-	734,727	734,727	734,727	843,916
-	5,176	5,386	-	-	-	5,386	4,488
260	-	5,195	492	-	492	5,687	16,698
-	-	13,544	7,278	-	7,278	20,822	22,579
-	4,470	207,835	27,334	-	27,334	235,169	218,176
79	-	1,673	5,043	68,768	73,811	75,484	61,127
-	7,799	7,799	-	-	-	7,799	8,215
-	-	-	-	27,748	27,748	27,748	20,789
1,155	-	14,383	93,505	48,000	141,505	155,888	149,498
-	-	265	1,844	-	1,844	2,109	1,569
-	-	89,284	-	324,898	324,898	414,182	294,475
-	-	-	-	-	-	-	-
-	-	256,059	3,985	-	3,985	260,044	209,126
-	61,566	2,869,627	382,598	-	382,598	3,252,225	3,045,432
-	-	9,488	52,319	149,066	201,385	210,873	171,934
-	-	24,420	-	-	-	24,420	31,200
837	9,244	251,900	10,056	-	10,056	261,956	254,978
-	-	33,650	-	-	-	33,650	30,330
-	-	57,031	2,918	-	2,918	59,949	56,562
-	-	-	-	18,968	18,968	18,968	24,894
30,154	6,032	59,918	62	-	62	59,980	64,021
-	-	531,354	-	-	-	531,354	526,029
229,341	98,605	7,449,876	707,521	1,401,219	2,108,740	9,558,616	9,129,250
-	-	(132,628)	-	-	-	(132,628)	(45,376)
\$ 229,341	\$ 98,605	\$ 7,317,248	\$ 707,521	\$ 1,401,219	\$ 2,108,740	\$ 9,425,988	\$ 9,083,874

See notes to financial statements.

**The Union Mission  
and Union Mission Holding Corporation**

**Notes to Combined Financial Statements  
June 30, 2019**

**Note 1 - Nature of Organization**

The Union Mission (a Virginia not-for-profit, non-stock corporation) is supported primarily through contributions. It engages in various ministries through the following programs: (1) The Rescue Mission and Women and Family Shelter provides for the spiritual and physical needs of homeless people; (2) Camp Hope Haven is a summer camp for children ages seven through thirteen; (3) The Children's Home is a home for children from distressed family situations; (4) The Retail Training Center provides training in the retail industry through the operation of the thrift store; (5) The Good News Network broadcasts Christian programming over two channels to most of the Tidewater area, (6) The Wellness Program provides medical care in cooperation with area health agencies, and (7) Reaching Romania provides ministry outreach to citizens of Romania. The Organization operates its programs primarily in Norfolk and Virginia Beach, Virginia.

In 2008, Union Mission Holding Corporation was created as a not-for-profit organization for the purpose of holding real estate assets of The Union Mission.

**Note 2 - Summary of significant accounting policies**

*Principles of combination* – The combined financial statements include the accounts of the two entities: The Union Mission and Union Mission Holding Corporation (Organization). All material intercompany transactions have been eliminated.

*Financial statement presentation* – The Organization prepares its financial statements on an accrual basis in accordance with U.S. generally accepted accounting principles. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Organization is required to present a statement of cash flows.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

*Cash equivalents* - For purposes of the statement of cash flows, the Organization considers cash on hand, money market accounts and certificates of deposit with an original maturity of three months or less to be cash equivalents.

*Unconditional promises to give* - Contributions receivable consist of unconditional promises to give and are recorded in the year the promise is made. Conditional promises to give are not included as support until the conditions are substantially met. Unconditional promises to give are recorded as assets and support in the period in which the promise is received. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. We determine the allowance for uncollectable accounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections.

*Accounts receivable* - Accounts receivable consists primarily of rag sales and Single-Room Occupancy (SRO) billings.

**The Union Mission  
and Union Mission Holding Corporation**

**Notes to Combined Financial Statements  
June 30, 2019**

**Note 2 - Summary of significant accounting policies (continued)**

*Land, building and equipment* - Land, building and equipment are stated at cost or, if contributed, at the estimated fair market value at the date of contribution. Contributions are reported as without donor restriction support unless the donor restricted the donated asset to a specific purpose. Fixed assets acquired greater than \$5,000 are capitalized. Depreciation is provided primarily using the straight-line method over the estimated useful lives of the related assets. Long-lived assets held and used by the Organization are reviewed for impairment whenever changes in circumstances indicate the carrying value of an asset may not be recoverable.

*Investments* - The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Investment income is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

*Intangible assets* - The excess of the acquisition cost of Channel 40 over the fair value assigned to its net assets was allocated to Goodwill and License, which is amortized on a straight-line basis over forty years.

*Inventory* - The Organization's inventory comprises program-related merchandise held for sale in the thrift store and is stated at the lower of cost or market. The majority of the inventory is comprised of noncash donated goods with no cost. The Organization also purchases bulk-lots of merchandise from a whole-seller. These lots contain various clothing, electronics, household goods, and furniture to be sold at the thrift store. The cost of these purchases are allocated to the individual items using a weighted average of the retail price of the items.

*Bequests and planned giving* - The Organization has been named as a beneficiary in a number of bequests. Certain of these gifts have not been recorded in the financial statements because the donors' wills have not yet been declared valid by the probate court and/ or the value of the amounts to be received is not yet determinable. The Organization records and reports all gifts when declared valid and the amount is determinable.

*Beneficial interest in charitable remainder trusts* - The Organization has been designated as the beneficiary of assets held in charitable remainder trusts administered by other trustees. The Organization recognizes a contribution with donor restriction and a beneficial interest in charitable remainder trusts is recorded in the statement of financial position at the fair value using the present value of the estimated future benefits to be received when the trust assets are distributed. Adjustments to the receivable to reflect the revaluation of the present value of the estimated future payments to the Organization are recognized in the statement of activities as a change in value of beneficial interest in charitable remainder trusts. The carrying values of certain other trusts have not yet been determined; accordingly, such assets have not been recorded in the financial statements.

*Beneficial interest in perpetual trusts* - Several donors have established and funded trusts, which are administered by organizations other than the Organization. Under the terms of the trusts, the Organization has the irrevocable right to receive all or a portion of the income earned on the trusts' assets either in perpetuity or for the life of the trusts. The Organization does not control the assets held by the outside trusts. Annual distributions from the trusts are reported as investment income. Adjustments to the beneficial interest to reflect changes in the fair value (if any) are reflected in the statement of activities as a change in value of beneficial interest in perpetual trusts. The carrying values of certain other trusts have not yet been determined; accordingly, such assets have not been recorded in the financial statements.

**The Union Mission  
and Union Mission Holding Corporation**

**Notes to Combined Financial Statements  
June 30, 2019**

**Note 2 - Summary of significant accounting policies (continued)**

*Split-interest agreement* - The Organization receives certain planned gift donations that benefit not only the Organization, but also the donor or another beneficiary designated by the donor. These contributions are termed split-interest agreements and are generally gifts to be received by the Organization in the future. The Organization benefits from the following types of split-interest agreements: charitable remainder trusts and life-estate agreements.

*Income taxes* - The Union Mission is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Union Mission Holding Corporation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(2) of the Internal Revenue Code. The Union Mission and Union Mission Holding Corporation's tax years 2015 through 2019 remain open for examination by the Internal Revenue Service and the Virginia Department of Taxation.

*Revenue recognition* - Contributions are recognized as revenues in the period received and made, including unconditional promises to give. Contributions are recorded as revenue without donor restriction or with donor restriction depending on the existence and/or nature of any donor restrictions. We recognize Store Sales as revenue at the time of purchase in the thrift store. The Organization recognizes grant revenues in the period the grant is received if there are no restrictions on the use of the grant, or if the restrictions are met in the same period received. Rag Sales are recognized as revenue in the period sold. SRO revenue, Camp Retreat revenue, and Rental income are recognized as revenue in the period the facilities are rented.

*Noncash contributions* - Donated marketable securities and other noncash donations are recorded at the estimated fair value at the date of contribution. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization receives volunteer services, which are not specialized, and therefore, have been excluded from the financial statements.

*Recognition of donor restrictions* - All donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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 restrictions. However, donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

*Expenses* - Expenses are recognized by the Organization during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.

*Functional allocation of expenses* - The costs of providing the various programs and activities have been summarized on a functional basis in the combined Statements of Activities and the Statements of Functional Expenses. Certain costs have been charged directly. Other costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis using square footage of the space used.

*Advertising costs* - Advertising costs are expensed as incurred. These costs totaled \$715 in 2019 and \$1,436 in 2018.



**The Union Mission  
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**Notes to Combined Financial Statements  
June 30, 2019**

**Note 2 - Summary of significant accounting policies (continued)**

*Use of estimates* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, including the allocation of expenses by function. Actual results could differ from those estimates.

*Subsequent events* - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 22, 2019 the date the financial statements were available to be issued.

**Note 3 - Liquidity**

The Organization has identified \$2,471,815 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash and cash equivalents. Of the financial assets identified, \$718,649 is not available for general use due to donor-imposed restrictions. The amount available for general use is \$1,753,166. The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$1,388,405.

As part of the Organization's goal to liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has committed lines of credit in the amount of \$5 million, which it could draw upon.

**Note 4 - Unconditional promises to give**

Unconditional promises to give are valued at their fair value. An allowance for uncollectable promises to give of \$28,025 in 2019 and \$38,000 in 2018 has been estimated by management. A discount of \$24,047 in 2019 and \$16,763 in 2018 has been estimated by management.

**Unconditional Promises to Give**

	2019	2018
Due in less than one year	\$ 37,998	\$ 59,722
Due in one to five years	132,381	95,858
Due in more than five years	-	-
	<u>\$ 170,379</u>	<u>\$ 155,580</u>

**Note 5 - Land, building and equipment**

Land, building and equipment consisted of the following:

	Estimated Lives	2019	2018
Land and Land Improvements		\$ 3,078,939	\$ 3,018,862
Construction in Progress		-	-
Building and Improvements	15-40 years	34,177,187	34,149,875
Furniture and Equipment	7-10 years	2,567,737	2,789,867
		<u>39,823,863</u>	<u>39,958,604</u>
Less accumulated depreciation		<u>(12,904,187)</u>	<u>(12,056,022)</u>
		<u>\$ 26,919,676</u>	<u>\$ 27,902,582</u>

**The Union Mission  
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**Notes to Combined Financial Statements  
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**Note 6 - Investments**

The following table presents the fair value of investments, as determined by quoted market price:

		June 30, 2019		
	Book Value	Unrealized Gains	Unrealized Losses	Fair Value (Note 7)
Equity and fixed income securities	\$ 513,284	\$ 14,668	\$ -	\$ 527,952
Real estate	286,954	-	-	286,954
	<u>\$ 800,238</u>	<u>\$ 14,668</u>	<u>\$ -</u>	<u>\$ 814,906</u>

  

		June 30, 2018		
	Book Value	Unrealized Gains	Unrealized Losses	Fair Value (Note 7)
Equity and fixed income securities	\$ 386,434	\$ 441	\$ -	\$ 386,875
Real estate	286,954	-	-	286,954
	<u>\$ 673,388</u>	<u>\$ 441</u>	<u>\$ -</u>	<u>\$ 673,829</u>

There is no income derived from the real estate.

Investment income for the years ended June 30, 2019 and 2018 consists of the following:

	2019	2018
Interest and dividend income	\$ 13,229	\$ 6,498
Net realized and unrealized gain/(loss) on investments	(7,922)	(7,461)
Payments received from beneficial interest in perpetual trusts	290,553	249,510
	<u>\$ 295,860</u>	<u>\$ 248,547</u>

**Note 7 - Fair value measurements**

The following methods and assumptions were used by the Organization in estimating the fair value of other financial instruments, which consist of investments and custodial funds. As defined in FASB ASC Topic 820, 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 (exit price). The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Organization primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information.

FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

Level 1 Inputs: Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

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**Notes to Combined Financial Statements  
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**Note 7 - Fair value measurements (continued)**

Level 2 Inputs: Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs 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, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.

Level 3 Inputs: Valuation based on inputs that are unobservable for an asset or liability and shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets and liabilities at fair value as of June 30, 2019:

Assets	Fair Value	Level 1	Level 2	Level 3
Equity and fixed income securities	\$ 527,952	\$ 527,952	\$ -	\$ -
Real estate	286,954	-	286,954	-
Beneficial interest in:				
charitable remainder trusts	460,000	-	-	460,000
perpetual trusts	8,760,000	-	-	8,760,000
<b>Total assets</b>	<b>\$ 10,034,906</b>	<b>\$ 527,952</b>	<b>\$ 286,954</b>	<b>\$ 9,220,000</b>

Fair Value Measurements Using Significant Unobservable  
Inputs (Level 3)

Assets	Without Donor Restriction	With Donor Restriction		Total
		Beneficial Interest in Charitable Remainder Trusts	Beneficial Interest in Perpetual Trust	
Beginning balance	\$ -	\$ 460,000	\$ 8,360,000	\$ 8,820,000
Change in value of beneficial interest	-	-	400,000	400,000
<b>Ending assets</b>	<b>\$ -</b>	<b>\$ 460,000</b>	<b>\$ 8,760,000</b>	<b>\$ 9,220,000</b>

The fair values of equities within Level 1 inputs were obtained based on quoted market prices at the close of the last business day of the fiscal year.

The fair values of real estate within Level 2 inputs were obtained based on assessments from local governments or sales contracts on the property at the close of the last business day of the fiscal year.

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**Notes to Combined Financial Statements  
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**Note 7 - Fair value measurements (continued)**

Beneficial Interest in Charitable Remainder Trusts: Valued based on quoted market prices at the close of the last business day of the fiscal year and discounted to net present value using United States Internal Revenue Service actuarial tables.

Beneficial Interest in Perpetual Trust: Valued based on quoted market prices at the close of the last business day of the fiscal year and discounted to net present value using United States Internal Revenue Service actuarial tables.

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

**Note 8 - Net assets with donor restriction**

Net assets with donor restrictions are available for program expenses and fixed asset additions of the Children's Home, the Mission, and the Women and Family Shelter.

	Beginning Net Assets	Additions	Released from Restrictions	Ending Net Assets
Subject to expenditure for specified purpose:				
Children's Home	\$ 1,205,122	\$ 417,427	\$ (336,431)	\$ 1,286,118
Camp	-	31,170	(12,229)	18,941
Women & Family	4,873	950	(2,336)	3,487
	<u>\$ 1,209,995</u>	<u>\$ 449,547</u>	<u>\$ (350,996)</u>	<u>\$ 1,308,546</u>
Subject to passage of time:				
Mission - Beneficial interests in charitable remainder trusts	\$ 460,000	\$ -	\$ -	\$ 460,000
	<u>\$ 460,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 460,000</u>
Perpetual in nature, not subject to spending policy or appropriation				
Mission - Beneficial interests in perpetual trusts	\$ 8,360,000	\$ 400,000	\$ -	\$ 8,760,000
	<u>\$ 8,360,000</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 8,760,000</u>
Total	<u>\$10,029,995</u>	<u>\$ 849,547</u>	<u>\$ (350,996)</u>	<u>\$10,528,546</u>



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**Notes to Combined Financial Statements  
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**Note 9 - Related party transactions**

A member of the board of directors owns an accounting practice, which provided compilation services during the years ended June 30, 2019 and 2018 of \$-0- and \$1,100, respectively, net. A member of the board of directors is an owner of a supplier which during the year ended June 30, 2019 and 2018, provided office supplies of \$116,912 and \$154,223, respectively, net.

The Bashford Foundation is incorporated in the country of Romania for the purpose of establishing ministry outreach to citizens of that country through "Reaching Romania" which is being supported by the Union Mission. The Board of Directors consists of 3 US citizens who are employees of the Union Mission and 2 Romanian citizens. The activity of this corporation is not included in these financial statements.

**Note 10 - Concentrations of credit risk**

Financial instruments that potentially expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, certificates of deposit, and investments in marketable securities. At times, cash balances at financial institutions are in excess of FDIC insurance coverage. The cash balances are maintained at financial institutions with high credit and quality ratings. The Organization has concentrated its credit risk for cash by maintaining large deposits among several banks. The maximum loss that would have resulted from that risk totaled approximately \$2,167,731 at June 30, 2019 for the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance.

**Note 11 - Commitments**

The Organization leases television towers. Total rent paid for the towers for the years ended June 30, 2019 and 2018 was \$21,130 and \$27,528 respectively. One renewed August 2011 and expired July 31, 2016 and renewed for five years beginning August 1, 2016 for \$16,560 annually. The second lease expired November 30, 2013 and renewed for five years beginning December 1, 2013 for \$10,968 annually, this lease was not renewed in December of 2018.

Future minimum lease payments are:

June 30,	Total Amount
2020	\$ 16,560
2021	16,560
2022	1,380
2023	-
2024	-
Thereafter	-
	\$ 34,500

The Organization uses an independent marketing company to send out fundraising literature. The Organization is under contract with the marketing company until August 31, 2019. During the years ended June 30, 2019 and 2018 the contracted cost was \$48,000 and \$48,000, respectively.

**Note 12 - Retirement plan**

The Organization sponsors a savings incentive match plan (S.I.M.P.L.E.) as of January 1, 2009 covering any full-time employee over the age of 21. The Organization contributed 3% of the compensation of participating employees, which amounted to \$43,207 and \$41,582 for the years ended June 30, 2019 and 2018.

**The Union Mission  
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**Notes to Combined Financial Statements  
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**Note 13- Line of Credit**

The Organization obtained approval for an unsecured bank line of credit in the amount of \$5,000,000 expiring May 30, 2020. The interest rate on this line of credit will be equal to the one-month LIBOR plus 250 basis points and a floor rate of 3.75%, which shall be adjusted monthly. The available credit remaining at June 30, 2019 was \$5,000,000.

**Note 14 - Comparative totals**

The financial statements include certain June 30, 2018 summarized comparative information in total but not in sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's combined financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**Note 15 - Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.