

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

Combined Financial Statements

June 30, 2021

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

**Contents**

	Page
Report of Independent Auditors.....	1 - 2
Combined Statement of Financial Position .....	3
Combined Statement of Activities.....	4
Combined Statement of Cash Flows .....	5
Combined Statement of Functional Expenses .....	6
Notes to Combined Financial Statements.....	7 - 15

## **Report of Independent Auditors**

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

### **Opinion**

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, 2021, 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.

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, 2021 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.

### **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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities 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 auditor's 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, including omissions, 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 Organization'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 Organization'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 Union Mission's and Union Mission Holding Corporation's June 30, 2020 combined financial statements, and our report dated September 25, 2020, 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, 2020, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

*Roger L. Handy, PC*

September 23, 2021

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

**Combined Statement of Financial Position**

		June 30,	
		Total	Comparative Total
		2021	2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 4,163,863	\$ 2,961,241
Unconditional promises to give, net of allowance \$0 and \$0; respectively (see Note 4)		45,681	22,622
Accounts receivable		12,322	24,450
Grants receivable		-	21,500
Inventory		1,007	11,201
Prepaid expenses		30,325	37,800
<b>Total current assets</b>		<u>4,253,198</u>	<u>3,078,814</u>
<b>Property and equipment</b>			
Land, building and equipment (see Note 5)		39,828,576	39,902,483
Less accumulated depreciation		(14,758,696)	(13,910,932)
<b>Property and equipment, net</b>		<u>25,069,880</u>	<u>25,991,551</u>
<b>Other assets</b>			
Unconditional promises to give, net		119,847	91,610
Investments		2,648,984	1,331,808
Beneficial interest in charitable remainder trusts		630,000	470,000
Beneficial interest in perpetual trusts		9,370,000	9,330,000
Other assets		73,124	71,989
Intangible assets, goodwill and license		7,557	8,332
<b>Total other assets</b>		<u>12,849,512</u>	<u>11,303,739</u>
<b>Total assets</b>		<u><u>\$ 42,172,590</u></u>	<u><u>\$ 40,374,104</u></u>
<b>Liabilities and Net Assets</b>			
<b>Current liabilities</b>			
Accounts payable		\$ 195,733	\$ 153,137
Accrued expenses		302,464	215,877
<b>Total current liabilities</b>		<u>498,197</u>	<u>369,014</u>
<b>Long-term debt (Note 16)</b>		-	711,900
<b>Total liabilities</b>		<u>498,197</u>	<u>1,080,914</u>
<b>Net assets</b>			
Net assets without donor restrictions		29,847,737	28,385,036
Net assets with donor restrictions		11,826,656	10,908,154
<b>Total net assets</b>		<u>41,674,393</u>	<u>39,293,190</u>
<b>Total liabilities and net assets</b>		<u><u>\$ 42,172,590</u></u>	<u><u>\$ 40,374,104</u></u>

See notes to financial statements.

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

**Combined Statement of Activities**

	Years Ended June 30,			Comparative
	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
<b>Public support</b>				
Contributions	\$ 7,160,449	\$ 697,009	\$ 7,857,458	\$ 5,824,197
Noncash contributions	893,064	109,984	1,003,048	995,536
Bequests	421,342	1,712	423,054	555,960
Noncash bequests	-	-	-	-
Grants	225,000	105,000	330,000	251,988
Noncash grant PPP loan forgiveness	711,900	-	711,900	-
Net assets released from restrictions	195,203	(195,203)	-	-
	<u>9,606,958</u>	<u>718,502</u>	<u>10,325,460</u>	<u>7,627,681</u>
<b>Revenue</b>				
Store sales	455,958	-	455,958	460,840
Less cost of goods sold	(29,275)	-	(29,275)	(196,878)
Net store sales	426,683	-	426,683	263,962
SRO revenue	254,268	-	254,268	241,290
Rag sales	88,552	-	88,552	138,049
Other sales	25,766	-	25,766	18,230
Camp Retreat revenue	10,691	-	10,691	35,970
Rental income	36,400	-	36,400	42,675
Change in value of beneficial interest in charitable remainder trusts	-	160,000	160,000	10,000
Change in value of beneficial interest in perpetual trust	-	40,000	40,000	570,000
Investment income(loss)	391,411	-	391,411	314,495
Other income	33,171	-	33,171	11,308
Gain (loss) on sale of assets	(58,620)	-	(58,620)	(131,912)
	<u>1,208,322</u>	<u>200,000</u>	<u>1,408,322</u>	<u>1,514,067</u>
<b>Total revenues and support</b>	<u>10,815,280</u>	<u>918,502</u>	<u>11,733,782</u>	<u>9,141,748</u>
<b>Program service expenses</b>				
Women and Family Shelter	1,460,906	-	1,460,906	1,367,572
Retail Training Center	748,647	-	748,647	794,437
Rescue Mission	3,685,526	-	3,685,526	3,822,213
Camp Hope Haven	349,653	-	349,653	278,482
Children's Home	267,102	-	267,102	350,069
Good News Network	138,299	-	138,299	149,218
Reaching Romania	254,564	-	254,564	215,299
Wellness Program	101,122	-	101,122	98,063
	<u>7,005,819</u>	<u>-</u>	<u>7,005,819</u>	<u>7,075,353</u>
<b>Supporting service expenses</b>				
Management and general	863,956	-	863,956	753,363
Fund raising	1,482,804	-	1,482,804	1,399,035
	<u>2,346,760</u>	<u>-</u>	<u>2,346,760</u>	<u>2,152,398</u>
<b>Total expenses</b>	<u>9,352,579</u>	<u>-</u>	<u>9,352,579</u>	<u>9,227,751</u>
Change in net assets	1,462,701	918,502	2,381,203	(86,003)
<b>Net assets, beginning of year</b>	<u>28,385,036</u>	<u>10,908,154</u>	<u>39,293,190</u>	<u>39,379,193</u>
<b>Net assets, end of year</b>	<u>\$ 29,847,737</u>	<u>\$ 11,826,656</u>	<u>\$ 41,674,393</u>	<u>\$ 39,293,190</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 2021</b>	<b>Comparative Total 2020</b>
<b>Cash flows from operating activities</b>		
Cash received from contributors	\$ 8,579,581	\$6,690,166
Cash received from sales and services	851,799	725,050
Cash received from investment income	263,653	293,966
Cash paid to suppliers and employees	(7,565,587)	(7,330,048)
<b>Net cash provided by operating activities</b>	<b>2,129,446</b>	<b>379,134</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(227,106)	(124,360)
Proceeds from disposal of fixed assets	-	-
Cash paid for investments	(2,048,049)	(1,638,462)
Proceeds from disposal of investments	1,348,331	1,161,214
<b>Net cash used by investing activities</b>	<b>(926,824)</b>	<b>(601,608)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of long-term debt	-	711,900
<b>Increase in cash and cash equivalents</b>	<b>1,202,622</b>	<b>489,426</b>
<b>Cash and cash equivalents</b>		
Beginning of year	2,961,241	2,471,815
End of year	<u>\$ 4,163,863</u>	<u>\$ 2,961,241</u>
<b>Reconciliation of change in net assets to net cash provided by operating activities</b>		
Change in net assets	\$ 2,381,203	\$ (86,003)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,089,111	1,087,853
Amortization	775	775
Provision for bad debts	-	(28,025)
Realized (gain) loss on disposition of assets	58,620	131,912
Realized (gain) loss on investments	(66,426)	15,548
Unrealized (gain) loss on investments	(61,332)	(21,407)
Change in value of beneficial interest in charitable remainder trusts	(160,000)	(10,000)
Change in value of beneficial interest in perpetual trusts	(40,000)	(570,000)
Non-cash bequests and contributions of assets	(488,654)	(201,075)
Non-cash PPP loan forgiveness	(711,900)	-
Change in cash value of life insurance	(1,135)	(1,127)
Other	-	-
(Increase)/decrease unconditional promises to give	(51,296)	56,147
(Increase)/decrease in SRO receivable	12,128	5,336
(Increase)/decrease in grant receivable	21,500	3,000
(Increase)/decrease in inventory	10,194	50,036
(Increase)/decrease in prepaid expenses	7,475	(14,882)
Increase/(decrease) in accounts payable	42,596	(51,121)
Increase/(decrease) in accrued expenses	86,587	12,167
<b>Net cash provided by operating activities</b>	<b>\$ 2,129,446</b>	<b>\$ 379,134</b>
<b>Supplemental disclosure of cash flow information</b>		
Noncash operating and investing activities		
Contributions of donated services	\$ 28,290	\$29,000
Contributions of donated goods	486,104	765,460
Bequests and contributions of assets	488,654	201,075
PPP loan forgiveness	711,900	-
	<u>\$ 1,714,948</u>	<u>\$ 995,535</u>

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

**Combined Statement of Functional Expenses**

	<b>Program Services</b>					
	<b>Women and Family Shelter</b>	<b>Retail Training Center</b>	<b>Rescue Mission</b>	<b>Camp Hope Haven</b>	<b>Children's Home</b>	<b>Good News Network</b>
Activities	\$ 120	\$ -	\$ -	\$ -	\$ -	\$ -
Advertising	-	1,089	15	-	-	-
Amortization	-	-	-	-	-	775
Background checks	280	18	57	1,721	-	-
Bad debt expense / (recovery)	-	-	-	-	-	-
Bank charges	-	8,364	-	602	15	-
Children's activities	-	-	-	-	1,399	-
Children's expense	-	-	-	-	17,556	-
Commissions	-	5,716	-	-	-	-
Contract labor	-	66,103	50,114	745	3,473	-
Contributions	20,387	320	111,036	813	228	-
Cost of goods sold	-	29,275	-	-	-	-
Depreciation	271,217	139,265	592,507	20,598	45,212	18,137
Dues and subscriptions	200	55	5,478	250	3,138	-
E-Appeals	-	-	-	-	-	-
Employee training	2,021	-	15,598	1,034	70	-
Equipment rental	6,000	808	2,785	1,018	-	16,560
Food	126,782	-	285,245	8,978	11,677	-
Health insurance	54,922	8,902	74,021	7,044	9,085	6,587
Indigent aid	55,606	10,537	50,384	135	-	-
Insurance	23,952	28,360	76,658	19,836	16,107	4,508
Licenses	425	2,657	3,377	397	14	1,602
Mail production	-	-	-	-	-	-
Medical	-	-	-	-	513	-
Miscellaneous	499	-	585	876	-	-
Office supplies	2,238	1,129	5,567	798	1,242	74
Payroll taxes	38,960	21,992	102,331	7,438	4,708	4,801
Postage	-	153	117	692	253	-
Prescriptions	-	-	-	-	-	-
Printing	-	-	-	433	-	-
Professional fees	-	-	50,375	495	4,460	-
Promotion	-	24	319	358	-	-
Public awareness	-	-	47,702	-	-	-
Rent	-	-	-	-	-	-
Repairs and maintenance	52,639	43,830	198,175	67,802	10,728	223
Salary and fringe benefits	648,276	301,549	1,635,968	100,673	77,213	75,327
Software support	-	5,083	1,967	18	271	-
SRO income - forgiven	-	-	25,960	-	-	-
Supplies	23,749	7,336	109,981	29,691	9,876	3,884
Taxes	-	23,981	10,933	-	-	-
Telephone and Internet	3,145	5,265	23,090	7,621	5,020	1,368
Telephone Appeal	-	-	-	-	-	-
Travel	380	6,710	4,249	496	2,096	440
Utilities	129,108	59,401	200,932	69,091	42,748	4,013
Total expenses by function	1,460,906	777,922	3,685,526	349,653	267,102	138,299
Less expenses included with revenues on the statement of activities						
Cost of goods sold	-	(29,275)	-	-	-	-
Total expenses included in the expense section on the statement of activities	<u>\$ 1,460,906</u>	<u>\$ 748,647</u>	<u>\$ 3,685,526</u>	<u>\$ 349,653</u>	<u>\$ 267,102</u>	<u>\$ 138,299</u>



Years Ended June 30,

		Supporting Services				Comparative	
Reaching Romania	Wellness Program	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total 2021 Functional Expenses	Total 2020 Functional Expenses
\$ -	\$ -	\$ 120	\$ -	\$ -	\$ -	\$ 120	\$145
-	-	1,104	-	175	175	1,279	903
-	-	775	-	-	-	775	775
-	-	2,076	78	-	78	2,154	599
-	-	-	-	-	-	-	(28,025)
180	-	9,161	74,122	-	74,122	83,283	63,560
-	-	1,399	-	-	-	1,399	492
-	-	17,556	-	-	-	17,556	3,141
-	-	5,716	-	-	-	5,716	13,750
85,000	-	205,435	34,513	-	34,513	239,948	186,071
150,000	-	282,784	104	-	104	282,888	359,359
-	-	29,275	-	-	-	29,275	196,878
-	-	1,086,936	2,175	-	2,175	1,089,111	1,087,853
-	-	9,121	823	-	823	9,944	9,697
-	-	-	-	17,861	17,861	17,861	11,376
-	3,705	22,428	7,887	-	7,887	30,315	25,504
-	-	27,171	-	-	-	27,171	30,536
982	-	433,664	-	-	-	433,664	621,411
-	3,299	163,860	15,864	-	15,864	179,724	168,118
-	-	116,662	-	-	-	116,662	39,521
3,627	1,734	174,782	13,741	-	13,741	188,523	189,377
-	61	8,533	883	-	883	9,416	10,947
-	-	-	-	562,806	562,806	562,806	680,050
-	4,711	5,224	-	-	-	5,224	6,619
-	-	1,960	-	-	-	1,960	3,487
331	201	11,580	7,400	-	7,400	18,980	20,072
-	4,952	185,182	32,782	-	32,782	217,964	238,742
365	-	1,580	616	236,590	237,206	238,786	151,575
-	4,154	4,154	-	-	-	4,154	4,950
-	-	433	-	24,831	24,831	25,264	3,477
116	-	55,446	115,778	50,638	166,416	221,862	173,969
-	-	701	159	-	159	860	1,530
-	-	47,702	-	246,657	246,657	294,359	328,175
-	-	-	-	-	-	-	-
-	243	373,640	2,829	-	2,829	376,469	337,741
-	70,990	2,909,996	463,361	-	463,361	3,373,357	3,307,319
6,250	-	13,589	70,113	328,734	398,847	412,436	281,391
-	-	25,960	-	-	-	25,960	19,180
3,748	4,520	192,785	16,573	-	16,573	209,358	231,847
-	-	34,914	-	-	-	34,914	34,413
-	267	45,776	4,111	-	4,111	49,887	50,057
-	-	-	-	14,512	14,512	14,512	17,091
3,965	2,285	20,621	44	-	44	20,665	36,563
-	-	505,293	-	-	-	505,293	504,393
254,564	101,122	7,035,094	863,956	1,482,804	2,346,760	9,381,854	9,424,629
-	-	(29,275)	-	-	-	(29,275)	(196,878)
<u>\$ 254,564</u>	<u>\$ 101,122</u>	<u>\$ 7,005,819</u>	<u>\$ 863,956</u>	<u>\$ 1,482,804</u>	<u>\$ 2,346,760</u>	<u>\$ 9,352,579</u>	<u>\$ 9,227,751</u>

See notes to financial statements.

**The Union Mission  
and Union Mission Holding Corporation**  
**Notes to Combined Financial Statements**  
**June 30, 2021**

**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 Without Donor Restrictions with Board Designation – Net assets that have been designated by the Board from the investment income related to the Children's Home investment accounts (interest, dividends, realized/unrealized capital gains) to be applied against expenses of the Children's Home. There is no balance as of June 30, 2021.

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, 2021**

**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, 2021**

**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 2017 through 2021 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 \$1,279 in 2021 and \$903 in 2020.

**The Union Mission  
and Union Mission Holding Corporation**  
**Notes to Combined Financial Statements**  
**June 30, 2021**

**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 23, 2021 the date the financial statements were available to be issued.

**Note 3 - Liquidity**

The Organization has identified \$4,163,863 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, \$1,118,844 is not available for general use due to donor-imposed restrictions. The amount available for general use is \$3,045,019. 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 \$1,377,116.

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 zero has been estimated by management in 2021 and 2020. A discount of \$22,298 in 2021 and \$14,344 in 2020 has been estimated by management.

<b>Unconditional Promises to Give</b>	<b>2021</b>	<b>2020</b>
Due in less than one year	\$ 45,681	\$ 22,622
Due in one to five years	119,847	91,610
Due in more than five years	-	-
	<u>\$ 165,528</u>	<u>\$ 114,232</u>

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

Land, building and equipment consisted of the following:

	<b>Estimated Lives</b>	<b>2021</b>	<b>2020</b>
Land and Land Improvements		\$ 3,013,957	\$ 3,109,036
Building and Improvements	15-40 years	34,350,036	34,157,294
Furniture and Equipment	7-10 years	2,464,583	2,636,153
		<u>39,828,576</u>	<u>39,902,483</u>
Less accumulated depreciation		<u>(14,758,696)</u>	<u>(13,910,932)</u>
		<u>\$ 25,069,880</u>	<u>\$ 25,991,551</u>

**The Union Mission  
and Union Mission Holding Corporation**  
**Notes to Combined Financial Statements**  
**June 30, 2021**

**Note 6 - Investments**

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

June 30, 2021				
	Book Value	Unrealized Gains	Unrealized Losses	Fair Value (Note 7)
Equity and fixed income securities	\$ 2,509,921	\$ 99,159	\$ -	\$ 2,609,080
Real estate	39,904	-	-	39,904
	<u>\$ 2,549,825</u>	<u>\$ 99,159</u>	<u>\$ -</u>	<u>\$ 2,648,984</u>

  

June 30, 2020				
	Book Value	Unrealized Gains	Unrealized Losses	Fair Value (Note 7)
Equity and fixed income securities	\$ 1,254,054	\$ 37,850	\$ -	\$ 1,291,904
Real estate	39,904	-	-	39,904
	<u>\$ 1,293,958</u>	<u>\$ 37,850</u>	<u>\$ -</u>	<u>\$ 1,331,808</u>

There is no income derived from the real estate.

Investment income for the years ended June 30, 2021 and 2020 consists of the following:

	2021	2020
Interest and dividend income	\$ 41,502	\$ 35,189
Net realized and unrealized gain/(loss) on investments	133,679	24,023
Payments received from beneficial interest in perpetual trusts	216,230	255,283
	<u>\$ 391,411</u>	<u>\$ 314,495</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.

**The Union Mission  
and Union Mission Holding Corporation**  
**Notes to Combined Financial Statements**  
**June 30, 2021**

**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, 2021:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Assets</b>				
Equity and fixed income securities	\$ 2,609,080	\$ 2,609,080	\$ -	\$ -
Real estate	39,904	-	39,904	-
Beneficial interest in:				
charitable remainder trusts	630,000	-	-	630,000
perpetual trusts	9,370,000	-	-	9,370,000
<b>Total assets</b>	<u>\$ 12,648,984</u>	<u>\$ 2,609,080</u>	<u>\$ 39,904</u>	<u>\$10,000,000</u>

**Fair Value Measurements Using Significant Unobservable  
Inputs (Level 3)**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>		<u>Total</u>
		<u>Beneficial Interest in Charitable Remainder Trusts</u>	<u>Beneficial Interest in Perpetual Trust</u>	
<b>Assets</b>				
Beginning balance	\$ -	\$ 470,000	\$ 9,330,000	\$ 9,800,000
Change in value of beneficial interest	-	160,000	40,000	200,000
<b>Ending assets</b>	<u>\$ -</u>	<u>\$ 630,000</u>	<u>\$ 9,370,000</u>	<u>\$10,000,000</u>

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.

**The Union Mission  
and Union Mission Holding Corporation**  
**Notes to Combined Financial Statements**  
**June 30, 2021**

**Note 7 - Fair value measurements (continued)**

Beneficial Interest in Charitable Remainder Trusts: Valued based on quoted market prices at the close of the valuation date set by the trustee 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 close of the valuation date set by the trustee 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:				
Mission	\$ -	\$ 90,000	\$ (22,655)	\$ 67,345
Children's Home	1,067,872	89,705	(136,738)	1,020,839
Camp	31,695	-	(23,310)	8,385
Women & Family	8,587	734,000	(12,500)	730,087
	<u>\$ 1,108,154</u>	<u>\$ 913,705</u>	<u>\$ (195,203)</u>	<u>\$ 1,826,656</u>
Subject to passage of time:				
Mission - Beneficial interests in charitable remainder trusts	\$ 110,000	\$ 30,000	\$ -	\$ 140,000
Children's Home - Beneficial interests in charitable remainder trusts	360,000	130,000	-	490,000
	<u>\$ 470,000</u>	<u>\$ 160,000</u>	<u>\$ -</u>	<u>\$ 630,000</u>
Perpetual in nature, not subject to spending policy or appropriation				
Mission - Beneficial interests in perpetual trusts	\$ 9,330,000	\$ 40,000	\$ -	\$ 9,370,000
	<u>\$ 9,330,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 9,370,000</u>
Total	<u>\$10,908,154</u>	<u>\$ 1,113,705</u>	<u>\$ (195,203)</u>	<u>\$11,826,656</u>



**The Union Mission  
and Union Mission Holding Corporation**  
**Notes to Combined Financial Statements**  
**June 30, 2021**

**Note 9 - Related party transactions**

A member of the board of directors is an owner of a supplier which during the year ended June 30, 2021 and 2020, provided office supplies of \$71,964 and \$145,263 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 1 Romanian citizen. 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 \$3,278,533 at June 30, 2021 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 one television tower. Total rent paid for the tower for the years ended June 30, 2021 and 2020 was \$16,560 and \$16,560 respectively. The lease renewed August 1, 2021 for ten years, with a 3% increase annually starting at \$17,400.

Future minimum lease payments are:

June 30,	Total Amount
2022	\$ 17,330
2023	17,879
2024	18,415
2025	18,967
2026	19,536
Thereafter	108,725
	<u>\$ 200,852</u>

The Organization uses an independent marketing company to send out fundraising literature. The Organization is under contract with the marketing company until August 31, 2021. During the years ended June 30, 2021 and 2020 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 \$54,052 and \$45,009 for the years ended June 30, 2021 and 2020.

**The Union Mission  
and Union Mission Holding Corporation**  
**Notes to Combined Financial Statements**  
**June 30, 2021**

**Note 13 - Line of Credit**

The Organization obtained approval for an unsecured bank line of credit in the amount of \$5,000,000 expiring November 30, 2022. 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, 2021 was \$5,000,000.

**Note 14 - Comparative totals**

The financial statements include certain June 30, 2020 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, 2020, 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.

**Note 16 - Long-term debt and forgiveness**

The Organization obtained a Paycheck Protection Program loan in the amount of \$711,900 on April 24, 2020. Under the CARES Act, the term is 2 years at 1%, loan payments will be deferred for six months, no collateral or personal guarantees are required, and there is potential for loan forgiveness. The Organization met the requirements for loan forgiveness before the deadline of December 31, 2020 and received forgiveness on January 6, 2021. As such, the forgiveness is recognized as noncash grant on the Combined Statement of Activities.

**Note 17 - COVID-19**

As of the date through which the Organization has evaluated past and subsequent events, the Organization is evaluating the recent introduction of the COVID-19 virus and its impact on the nonprofit sector. Management has concluded that while it is reasonably possible that the virus could have an adverse effect on the Organization's future revenues, fundraising events, and results of operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.