

**THE UNION MISSION AND UNION MISSION HOLDING CORP.
(A nonprofit organization)**

VIRGINIA BEACH, VIRGINIA

JUNE 30, 2025 AND 2024



THE UNION MISSION AND UNION MISSION HOLDING CORP.

**COMBINED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Union Mission and Union Mission Holding Corp.
Virginia Beach, Virginia

Opinion

We have audited the accompanying combined financial statements of The Union Mission and Union Mission Holding Corp. (a nonprofit organization), which comprise the combined statements of financial position as of June 30, 2025, and the related combined statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Union Mission and Union Mission Holding Corp., as of June 30, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Union Mission and Union Mission Holding Corp. and to meet 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Union Mission and Union Mission Holding Corp.'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 it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Union Mission and Union Mission Holding Corp.'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 Union Mission and Union Mission Holding Corp.'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.

Prior Year Financial Statement

The combined financial statements of The Union Mission and Union Mission Holding Corp. (a nonprofit organization), as of June 30, 2024 and for the year then ended, were audited by other accountants whose report dated September 30, 2024, expressed an unqualified opinion on those financial statements, in all material respects, being presented in accordance with accounting principles generally accepted in the United States of America.

Colby & Company PLC

Chesapeake, Virginia
November 19, 2025

THE UNION MISSION
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	ASSETS	
	2025	2024
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,860,938	\$ 3,654,856
Unconditional promises to give, net of allowance \$0 and \$0, respectively	426	1,024
Accounts receivable	21,177	-
Grants receivable	-	-
Insurance receivable	-	80,500
Inventory	-	-
Prepaid expenses	91,334	95,200
Total current assets	\$ 4,973,875	\$ 3,831,580
PROPERTY AND EQUIPMENT:		
Land and land improvements	\$ 3,054,136	\$ 3,013,957
Building and improvements	35,193,941	35,179,621
Furniture and equipment	2,554,891	2,461,613
Total property and equipment	\$ 40,802,968	\$ 40,655,191
Less - accumulated depreciation	18,455,138	17,455,397
Property and equipment - net	\$ 22,347,830	\$ 23,199,794
OTHER ASSETS:		
Unconditional promises to give, net	\$ 59,431	\$ 4,299
Investments	2,940,921	2,694,465
Beneficial interest in charitable remainder trust	673,075	650,000
Beneficial interest in perpetual trust	5,961,195	5,850,000
Beneficial interest in community foundation	519,366	328,000
Other assets	31,442	31,442
Total other assets	\$ 10,185,430	\$ 9,558,206
TOTAL ASSETS	\$ 37,507,135	\$ 36,589,580
	LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:		
Accounts payable	\$ 134,022	\$ 168,168
Accrued expenses	102,464	243,253
Litigation liability	-	80,500
Deferred revenue	-	-
Total current liabilities	\$ 236,486	\$ 491,921
NET ASSETS:		
Without donor restrictions	\$ 29,582,062	\$ 28,207,770
With donor restrictions	7,688,587	7,889,889
Total net assets	37,270,649	36,097,659
TOTAL LIABILITIES AND NET ASSETS	\$ 37,507,135	\$ 36,589,580

See accompanying notes and independent auditor's report.

THE UNION MISSION

COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Comparative Total 2024
NET ASSETS WITHOUT DONOR RESTRICTIONS:				
Public support:				
Contributions	\$ 7,215,496	\$ -	\$ 7,215,496	\$ 6,843,305
Noncash contributions	326,934	-	326,934	553,444
Bequests	354,774	-	354,774	203,150
Noncash bequests	-	-	-	-
Grants	167,387	-	167,387	79,357
Net assets released from restrictions	496,243	(496,243)	-	-
Total public support	8,560,834	(496,243)	8,064,591	7,679,256
Revenue:				
Store sales	\$ 398,100	\$ -	\$ 398,100	\$ 405,518
Less cost of goods sold	-	-	-	(1,567)
Net store sales	398,100	-	398,100	403,951
SRO revenue	277,990	-	277,990	205,103
Rag sales	46,875	-	46,875	66,319
Other sales	3,998	-	3,998	7,239
Camp retreat revenue	88,523	-	88,523	70,690
Rental Income	85,914	-	85,914	55,429
Change in value of beneficial interest in:				
Charitable remainder trusts	-	23,075	23,075	320,000
Charitable perpetual trusts	-	111,195	111,195	20,000
Community foundation	30,695	160,671	191,366	168,000
Net investment income (loss)	818,159	-	818,159	761,863
ERC credits	707,155	-	707,155	-
Other income	36,826	-	36,826	8,208
Gain (loss) on sale of assets	(15,000)	-	(15,000)	(1,060)
Total revenue	2,479,235	294,941	2,774,176	2,085,742
Total support, revenue and reclassification without donor restrictions	\$ 11,040,069	\$ (201,302)	\$ 10,838,767	\$ 9,764,998
Expenses:				
Program service expenses:				
Women's Shelter	\$ 1,417,981	\$ -	\$ 1,417,981	\$ 1,259,896
Retail Training	639,585	-	639,585	672,204
Rescue Misson	4,230,580	-	4,230,580	5,434,599
Camp Hope Haven	588,690	-	588,690	542,829
Children's Home	280,597	-	280,597	322,161
Wellness Program	81,570	-	81,570	159,616
Total program service expenses	\$ 7,239,003	\$ -	\$ 7,239,003	\$ 8,391,305
Supporting service expenses:				
Management and general	\$ 946,678	\$ -	\$ 946,678	\$ 1,021,668
Fund Raising	1,480,096	-	1,480,096	1,559,788
Total supporting service expenses	\$ 2,426,774	\$ -	\$ 2,426,774	\$ 2,581,456
Total expenses	\$ 9,665,777	\$ -	\$ 9,665,777	\$ 10,972,761
Change in net assets	\$ 1,374,292	\$ (201,302)	\$ 1,172,990	\$ (1,207,763)
Net assets, beginning of the year	28,207,770	7,889,889	36,097,659	37,305,422
Net assets, end of the year	\$ 29,582,062	\$ 7,688,587	\$ 37,270,649	\$ 36,097,659

See accompanying notes and independent auditor's report.

THE UNION MISSION

**COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from contributors	\$ 8,812,337	\$ 7,208,011
Cash received from sales and services	901,400	809,196
Cash received from investment income	571,702	583,354
Cash paid to supplies and employees	(8,844,836)	(9,408,582)
Net cash provided (used) by operating activities	<u>\$ 1,440,603</u>	<u>\$ (808,021)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment's	\$ (147,777)	\$ (311,034)
Proceeds from disposal of fixed assets	-	3,500
Cash paid for investments	(508,176)	(682,815)
Proceeds from disposal of investments	421,432	542,270
Net cash used by investing activities	<u>\$ (234,521)</u>	<u>\$ (448,079)</u>
CASH FLOWS FROM FINANCING ACTIVITIES-		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 1,206,082	\$ (1,256,100)
CASH AND CASH EQUIVALENTS - Beginning of the year	3,654,856	4,910,956
CASH AND CASH EQUIVALENTS - End of the year	<u>\$ 4,860,938</u>	<u>\$ 3,654,856</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
CHANGE IN NET ASSETS	<u>\$ 1,172,990</u>	<u>\$ (1,207,763)</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation and amortization	\$ 999,742	\$ 991,219
(Gain) loss on disposal of assets	-	1,060
(Gain) loss on investments	15,000	2,130
Unrealized (Gain) loss on investments	(33,924)	(174,342)
Change in value of beneficial interest in:		
Charitable remainder trusts	(23,075)	(320,000)
Charitable perpetual trusts	(111,195)	(20,000)
Community foundation	(191,366)	(168,000)
Non-cash bequests and contribution of assets	-	(114,338)
(Increase) decrease in unconditional promises to give	(54,534)	52,199
(Increase) decrease in accounts receivable	(21,177)	1,506
(Increase) decrease in grants receivable	-	30,000
(Increase) decrease in insurance receivable	80,500	(80,500)
(Increase) decrease in inventory	-	1,410
(Increase) decrease in prepaid expenses	3,866	139,745
Increase (decrease) in accounts payable	(34,146)	(31,026)
Increase (decrease) in accrued expenses	(140,789)	9,165
Increase (decrease) in litigation liabilities	(80,500)	80,500
Increase (decrease) in deferred revenue	(140,789)	(986)
Total adjustments	<u>\$ 267,613</u>	<u>\$ 399,742</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,440,603</u>	<u>\$ (808,021)</u>
Supplemental disclosure of cash flow information		
Noncash operating and investing activities		
Contributions of donated services	\$ 25,000	\$ 24,450
Contributions of donated goods	121,783	414,656
Bequests and contribution assets	180,151	114,338
Total noncash operating and investing activities	<u>\$ 326,934</u>	<u>\$ 553,444</u>

See accompanying notes and independent auditor's report.

THE UNION MISSION

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

(WITH COMPARABLE SUMMARY TOTALS FOR YEAR ENDED JUNE 30, 2024)

	Women's Shelter	Retail Training Ctr	Rescue Mission	Hope Haven	Camp	Children's Home	Wellness Program	Program Services	Management and General	Fund Raising	Total Supporting Services	Total Expenses 2025	Total Expenses 2024
Activities													
Advertising		6,030	(19)	5,020	214	474		5,475			68	5,475	844
Amortization			44					6,288				6,356	40
Background checks	3,146			735				3,881	85,848		85,848	3,881	1,439
Bank Charges		18,132	175	2,581		15		20,903				106,751	96,376
Children's activities				5,043		5,043		5,043				5,043	5,159
Children's expense				2,306		2,306		2,306				2,306	21,428
Commissions		3,143						3,143				3,143	2,854
Contract Labor			99,562	5,450				105,012	29,408		29,408	134,420	242,183
Contributions and grants to others			380,557					380,557	48,000		48,000	428,557	992,111
Cost of good sold	264,481	137,333	531,723	28,531		37,674		999,742				999,742	991,219
Depreciation		35	13,281	700		3,820	15	17,851	2,202		2,202	20,053	14,283
Dues and subscriptions													
E-Appeals		1,783	17,321	3,532		1,370	768	27,722	758	815	1,573	29,295	30,257
Employee Training	2,948		3,021					3,021				3,021	7,663
Equipment Rental			7,486	31,187		12,340		93,789				93,789	563,405
Food	42,776		75,860	15,571		10,964	1,862	124,960	41,324		41,324	166,284	199,568
Health Insurance	20,703		56,883					98,241				98,241	76,266
Indigent Aid	17,802	23,556	105,146	31,851		29,623	3,704	243,858	12,907		12,907	256,765	228,612
Insurance	35,437	38,097	6,696	937		190		8,813	1,774		1,774	10,587	8,866
Licenses	25	965	147			123	7,765	8,035		390,546	390,546	390,546	438,853
Mail production			147					8,035				8,035	24,696
Medical			2,835	663				4,590	19,873	20,051	39,924	44,514	3,615
Miscellaneous	402	700	15,267	2,690		16	55	21,428	9,562		9,562	30,990	30,572
Office supplies	2,347	1,053	149,738	17,844		5,471	4,094	250,886	35,215		35,215	286,101	280,540
Payroll taxes	54,977	18,762	1,845	820		16		2,722	792	250,124	250,916	253,638	271,462
Postage	24	17	859	3,497			11,861	11,861				11,861	13,027
Prescriptions			80,809			423		4,779		34,155	34,155	38,934	35,271
Printing		2,500				17,970		101,279	111,786	70,424	182,210	283,489	440,612
Professional fees													95
Promotion			55,243					55,243		92,783	92,783	148,026	290,561
Public awareness			226,572	58,216		13,152		417,948	50,150		50,150	468,098	271,874
Repairs and maintenance	66,992	53,016	1,988,005	237,625		77,089	50,787	3,319,559	479,946		479,946	3,799,505	3,943,254
Salary and fringe benefits	729,810	236,243	8,740	99		392		9,372	5,894	598,224	603,918	613,290	500,142
Software support	112	29	4,680					4,680				4,680	3,640
SRO income - forgiven			96,355	34,150		6,480	632	180,522	6,380		6,380	186,902	232,102
Supplies	33,663	10,242	7,757					30,297				30,297	31,761
Taxes		22,540	24,261	7,394		4,468		44,806	3,618	2,271	5,889	50,695	46,261
Telephone and internet	3,910	4,773								20,635	20,635	20,635	
Telephone appeal			10,609	1,753		1,830	27	15,892	214		214	16,106	27,098
Travel	360	1,313	263,143	94,619		49,348		604,499	1,227		1,227	605,726	605,762
Utilities	138,066	59,323											
Total functional expenses by function:	\$ 1,417,981	\$ 639,585	\$ 4,230,580	\$ 588,690	\$ 588,690	\$ 280,597	\$ 81,570	\$ 7,239,003	\$ 946,678	\$ 1,480,096	\$ 2,426,774	\$ 9,665,777	\$ 10,974,328

Less expenses included on the statement of activities- Cost of good sold

Total functional expenses

See accompanying notes and independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(A) Nature of the 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's Shelter (including Women and Children's 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; and (5) The Wellness Program provides medical care in cooperation with the area health agencies. 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 the real estate assets of the Union Mission.

(B) Principles of combination:

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

(C) Financial statement presentation:

The Organization prepares its financial statements on an annual basis in accordance with U.S. generally accepted accounting principles. The Organization follows the guidance set forth in FASB Accounting Standards Codification (ASC) Topic 958, Not-for-profit Entities and 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.

(D) Cash equivalents:

For purposes of the statement of cash flows, the Organization considers cash on hand, checking and savings accounts, cash sweep accounts, money market accounts, and certificates of deposit with an original maturity date of three months or less with no penalty withdrawal, to be cash equivalents.

(E) 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 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.

(F) Accounts receivable:

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

See Independent Auditor's Report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

(G) Income Taxes:

The Union Mission qualifies as a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code. Union Mission Corporation qualifies as a tax-exempt organization under Section 501 (c) (2) of the Internal Revenue Code. Both organizations have no provision for federal income taxes.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, *Exempt Organization Business Income Tax Return* are subject to examination by the IRS, generally for three years after they are filed.

(H) Revenue recognition:

Contributions are recorded as revenue without donor restriction or with donor restriction depending on the existence and/or nature of any donor restrictions. Contributions are recognized as revenues in the period received and made, including unconditional promises to give. Store sales are recognized 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.

(I) Noncash contributions:

Donated marketable securities and other noncash donations are recorded at 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. Donated food is utilized in the Organization programs and is recorded as support at its estimated fair market value using average cost per pound of \$.74 in 2025 and \$.60 at 2024, respectively. Donated Assistance, Children Expense, and Supplies are generally new items such as socks, toiletries, bus tickets, etc. that are utilized in the programs and are recorded at the retail value of the items. This also includes items from the Retail Training Center that are distributed. Donated marketable securities, real estate, and fixed assets are recorded at fair value at the time of the gift.

(J) Advertising:

Advertising costs are expensed in the year the promotion takes place. The Organization incurred advertising costs of \$6,356 and \$40, during the years ended June 30, 2025 and 2024, respectively.

(K) 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.

See Independent Auditor's Report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

(L) Expenses:

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

(M) Functional allocation of expenses:

The costs of providing 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 space used.

(N) Property and Equipment:

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments are capitalized. The gain or loss on items otherwise disposed of is reflected in income. Depreciation is computed using the straight-line method and is based upon estimated useful lives of the assets.

Land, building and equipment are comprised of the following:

	<u>Estimated Lives</u>	<u>2025</u>	<u>2024</u>
Land and land improvements		\$ 3,054,136	\$ 3,013,957
Building and improvements	15-40 years	35,193,941	35,179,621
Furniture and Equipment	7-10 years	<u>2,554,891</u>	<u>2,461,613</u>
Total		<u>\$ 40,802,968</u>	<u>\$40,655,191</u>

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount of fair value less costs to sell. No impairment charges were recorded during the years ended June 30, 2025 and 2024.

(O) Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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.

(P) Bequests and planned giving:

The Organization has been named as beneficiary in several bequests. Certain of these gifts have not been recorded in the financial statements because the donors' wills have not yet been declared valid by 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.

See Independent Auditor's Report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

(Q) Beneficial interest in charitable remainder trusts:

The Organization has been designated as 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 present value of the estimated future benefits to be received when the trust assets are distributed. Adjustments to the receivable reflect the revaluation of the present value of the estimated future payments to the charitable remainder trust. The carrying values of certain trusts have not yet been determined; accordingly, such assets have not been recorded in the financial statements.

(R) 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.

(S) Beneficial interest in community foundation:

The beneficial interest in the funds held and invested by the Hampton Roads Community Foundation are the result of agreements whereby the Organization has transferred assets to the community foundation to establish an endowment fund and board designated quasi-endowment fund and benefits from those assets. At the time of the transfer, the Organization granted limited variance power to the community foundation. That power gives the community foundation the right to vary the purpose of the fund if continued adherence to any condition or restriction is in the judgement of community foundation's Board of Directors unnecessary, incapable of fulfillment or inconsistent with the charitable or other exempt purposes of the community foundations or needs of the community served by the community foundations. The Organization is allocated its funds' proportionate share of the community foundation's funds' investment return on an annual basis. The Organization may draw up to a certain percentage of the value of the funds each year, subject to certain conditions and limitations, but may only draw amounts more than the spending policy upon consent of the community foundation. Annual distributions, if withdrawn, from the community foundation to the Organization are expended on programs or services that fulfill their mission.

(T) 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.

NOTE 2 - LIQUIDITY:

As of June 30, 2025 and 2024, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses and purchase of property and equipment, were as follows:

<u>Financial assets:</u>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 4,860,938	\$ 3,654,856
Investments	2,940,921	2,694,465
Receivables – trade and grants, current portion	21,603	1,024
Total financial assets available within one year	<u>\$ 7,823,462</u>	<u>\$ 6,350,345</u>

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 on. The Organization's board-designated endowment is subject to an annual spending rate as described in the Beneficial interest in Community Foundation note. Although the Organization does not intend to spend from the board-designated endowment (other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation), these amounts could be made available if necessary.

NOTE 3 - Unconditional promises to give:

Unconditional promises to give are value at fair market value using the present value of future cash flows discounted at the incremental borrowing rate. An allowance for uncollectable promises to give of zero has been estimated by management in 2025 and 2024, respectively.

<u>Unconditional Promises to Give</u>	<u>2025</u>	<u>2024</u>
Due in less than one year	\$ 426	\$ 1,024
Due in one to five years	59,431	4,299
Due in more than five years	-	-
Total	<u>\$ 59,857</u>	<u>\$ 5,323</u>

NOTE 4 - ACCOUNTS PAYABLE:

Accounts payable include amounts due to vendors, totaling \$134,022 and \$168,168 at June 30, 2025 and 2024, respectively.

NOTE 5 - COMMITMENTS AND CONTINGENCIES:

The Organization uses an independent marketing company to send out fundraising literature. The Organization is under contract with a new marketing company until June 30, 2026; however, it may be terminated with a 90-day notice.

NOTE 6 - LINE OF CREDIT:

The Organization obtained approval for an unsecured bank line of credit in the amount of \$5,000,000, renewed annually. The interest rate on this line of credit will be equal to the one-month AMERIBOR plus 250 basis points and a floor rate of 4.75%, which shall be adjusted monthly. The available credit remaining totaled \$5,000,000 at June 30, 2025 and 2024, respectively.

NOTE 7 - ACCRUED EXPENSES:

Accrued expenses consists of various payroll and tax liabilities. For the years ended June 30, 2025 and 2024, accrued expenses amounted to \$102,464 and \$243,253, respectively.

See Independent Auditor's Report.

NOTE 8 - 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.

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, 2025 and June 30, 2024, provided office supplies and receipt processing.

The Bashford Foundation is incorporated in the country of Romania for the purpose of establishing ministry outreach to citizens of that country. The Union Mission through grants made to Reach Romania, a separate 501 (c)(3), supports the efforts of The Bashford Foundation. The Board of Directors of The Bashford Foundation consists of 3 U.S. citizens who are employees of the Union Mission and 1 Romanian citizen. The activity of these organizations is not included in these financial statements.

NOTE 10 - CONCENTRATION 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.

NOTE 11 - COMPARATIVE TOTALS:

The financial statements include certain June 30, 2024 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, 2024, from which the summarized information was derived.

NOTE 12 - RENTAL INCOME:

The Organization leases residential space to individuals on an annual or month to month basis. Rental income from these leases was \$62,280 and \$39,990 for the years ended June 30, 2025, and 2024, respectively.

The Organization leases office space to an outside party. The original lease term is 5 years commencing on July 1, 2022. Rental income from this lease was \$11,480 and \$11,480 for the years ended June 30, 2025, and 2024, respectively.

Future minimum rental income from these leases is as follows:

<u>June 30,</u>	
2026	\$ 22,729
2027	\$ 23,231
2028	\$ -
2029	\$ -
2030	\$ -

See Independent Auditor's Report.

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NOTE 13 - INVESTMENTS:

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

	June 30, 2025			
	Book Value	Unrealized Gains	Unrealized Gain (losses)	Fair Value (Note 14)
Equities, mutual funds, and exchange traded funds	\$ 2,868,352	\$ -	\$ 52,966	\$ 2,921,318
Real estate	19,603			19,603
	\$ 2,887,955	\$ -	\$ 52,966	\$ 2,940,921

	June 30, 2024			
	Book Value	Unrealized Gains	Unrealized Losses	Fair Value (Note 14)
Equities, mutual funds, and exchange traded funds	\$ 2,692,532	\$ -	\$ (45,670)	\$ 2,646,862
Real estate	47,603			47,603
	\$ 2,740,135	\$ -	\$ (45,670)	\$ 2,694,465

Investment income for the years ended June 30, 2025 and 2024 consists of the following:

	2025	2024
Interest and dividend income	\$247,209	\$145,613
Net realized and unrealized gain/(loss) on investments	137,484	174,504
Payments received from beneficial interest in perpetual trusts	427,076	435,446
Payments received from beneficial interest in community foundation	6,390	6,300
Total	\$818,159	\$761,863

NOTE 14 - 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:

See Independent Auditor's Report.

NOTE 14 - FAIR VALUE MEASUREMENTS (Continued):

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.

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, 2025:

	Fair Value	Level 1	Level 2	Level 3
Equities, mutual funds, and exchange traded funds	\$2,921,318	\$ 2,921,318	-	-
Real estate	19,603		\$19,603	
Beneficial interest in:				
Charitable remainder trusts	673,075			\$673,075
Perpetual trusts	5,961,195			5,961,195
Community foundation	519,366			519,366
Total assets	\$10,094,557	\$ 2,921,318	\$19,603	\$ 7,153,636

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Beneficial Interest in Community Foundation	Beneficial Interest in Charitable Remainder Trusts	Beneficial Interest in Perpetual Trusts	Total
Beg. Balance	\$328,000	\$650,000	\$5,850,000	\$6,828,000
Additions	-	-	-	-
Change in value of beneficial interest	191,366	23,075	111,195	325,636
Ending assets	\$519,366	\$673,075	\$5,961,195	7,153,636

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, 2024:

	Fair Value	Level 1	Level 2	Level 3
Equities, mutual funds, and exchange traded funds	\$2,646,862	\$ 2,646,862	-	-
Real estate	47,603		\$47,603	
Beneficial interest in:				
Charitable remainder trusts	650,000			\$650,000
Perpetual trusts	5,850,000			5,850,000
Community foundation	328,000			328,000
Total assets	\$9,522,465	\$ 2,646,862	\$47,603	\$6,828,000

See Independent Auditor's Report.

NOTE 14 - FAIR VALUE MEASUREMENTS (Continued):

	Beneficial Interest in Community Foundation	Beneficial Interest in Charitable Remainder Trusts	Beneficial Interest in Perpetual Trusts	Total
Beg. Balance	\$20,000	\$330,000	\$5,830,000	\$6,180,000
Additions	140,000	-	-	140,000
Change in value of beneficial interest	168,000	320,000	20,000	508,000
Ending assets	\$328,000	\$650,000	\$5,850,000	6,828,000

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.

Beneficial Interest in Charitable Remainder Trusts: Valued based on quoted market prices at the close of the valuation date set by the trustee and future cash flows discounted to net present value using United States Internal Revenue Service actuarial tables and the incremental borrowing rate.

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 future cash flows discounted to net present value using United States Internal Revenue Service actuarial tables and the incremental borrowing rate.

Beneficial Interest in Community Foundation: Valued based upon the Organization's proportionate share of the community foundations' pooled investment portfolios, as reported by the community foundations at year-end, and future cash flows based on the current spending policy of 4.5% discounted to net present value using the incremental borrowing rate.

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 15 - BENEFICIAL INTEREST IN COMMUNITY FOUNDATION:

ASC 958, Not-for-Profit Entities, required certain net asset classification changes for institutional endowment funds under the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the Commonwealth of Virginia. The Organization may hold donor restricted endowment funds where the gift instrument clearly stipulates that the Organization is not to spend the principal or some other portion of the gift, in which case such gift instrument will supersede the Organization's ability to spend the whole fund or board designated quasi-endowment funds where the Board stipulates the spending of the funds.

As of June 30, 2025, the endowment funds are classified as follows:

Donor-restricted endowment funds: funds received from donors with restrictions requiring that the principal be maintained in perpetuity, with income available for supporting operations.

Board-designated quasi-endowment funds: funds designated by the Board of Directors for supporting the Organization, not subject to donor restrictions.

NOTE 15 - BENEFICIAL INTEREST IN COMMUNITY FOUNDATION (Continued):

Investment and Spending Policies

Endowment assets include those assets that the Organization's board- designated as a quasi-endowment. The Organization invests the endowment assets in a long-term investment pool held in a beneficial interest in community foundation, see Note 1. The Organization has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. The primary financial objective of the investment policy is to protect capital and grow investment assets to cover projected draws. The primary investment objective of the investment policy, as approved by the Board of Directors, is the endowment funds are invested in a manner that is intended to produce stated investment results while assuming a moderate level of investment risk. The Organization's spending and investment policies work together to achieve this objective.

To satisfy its long-term rate-of-return objectives, the Organization has placed the money in a community foundation fund that manages the investment of the assets.

Expenses for the endowment and board designated quasi-endowment are charged to the endowment as incurred. The Organization uses an endowment spending-rate formula (distribution or payout policy) to determine the maximum amount to spend from its endowment each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair

value of the endowment investments for the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. The spending rate maximum (annual distribution percentage available for distribution) was 4.5 percent for the years ended June 30, 2025, as established by the community foundation agreement. In establishing this policy, the Organization considered the long-term expected return on its endowment and set the rate with the objective of maintain the purchasing power of its endowment over time.

The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Organization has a policy that permits spending from underwater endowments depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. There were no amounts appropriated for expenditure from the underwater endowment fund during the year ended June 30, 2025.

NOTE 16 - RECLASSIFICATIONS:

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

NOTE 17 - SUBSEQUENT EVENTS:

Date of Management Evaluation

Management has evaluated subsequent events through November 19, 2025, the date on which the financial statements were available to be issued.