

UNION GOSPEL MISSION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**Union Gospel Mission
Financial Statements
Table of Contents**

	<u>Page</u>
Independent Auditor's Report	2
Statements of Financial Position	4
Statements of Activities and Net Assets	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to the Financial Statements	11



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

Independent Auditor's Report

To the Board of Directors
Union Gospel Mission
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of Union Gospel Mission (a California non-profit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and net assets, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

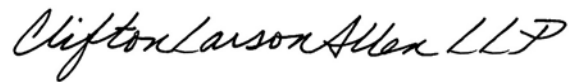
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Gospel Mission as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2015 financial statements of Union Gospel Mission were audited by GALLINA LLP, whose practice became a part of CliftonLarsonAllen LLP effective January 1, 2017, and whose report dated January 5, 2016, expressed an unmodified opinion on those statements.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Roseville, California
February 8, 2016

Union Gospel Mission
Statements of Financial Position
June 30, 2016 and 2015

Assets

	2016	2015
<u>Current assets:</u>		
Cash and cash equivalents	\$ 458,616	\$ 283,866
Investments	611,197	586,832
Receivables	1,690	2,926
Prepaid expenses	37,996	23,216
Inventory	26,723	12,495
Total current assets	1,136,222	909,335
<u>Property and equipment, net</u>	2,635,355	2,755,367
Total assets	\$ 3,771,577	\$ 3,664,702

Liabilities and Net Assets

<u>Current liabilities:</u>		
Accounts payable	\$ 32,094	\$ 5,161
Accrued wages and vacation	27,242	43,751
Current maturities of long-term debt	25,971	66,880
Total current liabilities	85,307	115,792
<u>Long-term debt, net of current maturities</u>	-	95,127
Total liabilities	85,307	210,919
<u>Net assets:</u>		
Unrestricted	3,682,111	3,448,566
Temporarily restricted	4,159	5,217
Total net assets	3,686,270	3,453,783
Total liabilities and net assets	\$ 3,771,577	\$ 3,664,702

See accompanying notes.

Union Gospel Mission
Statements of Activities and Net Assets
for the years ended June 30, 2016 and 2015

	2016	2015
<u>Changes in unrestricted net assets:</u>		
<u>Revenue:</u>		
Individuals	\$ 2,887,835	\$ 2,737,090
Donations - goods	671,421	802,502
Donations - labor	-	948
Other income	6,946	7,682
Net assets released from restriction	1,809	15,565
	3,568,011	3,563,787
Total revenue		
<u>Expenses:</u>		
Program services:		
Rehabilitation	344,911	340,365
Eagles Nest	126,932	132,912
Food and Care	1,490,953	1,616,478
Outreach	55,826	62,760
Grace Haven	10,111	9,502
Women's Center	67,790	32,285
Supporting services:		
Management and general	414,461	470,497
Golf tournament	25,867	45,983
Fundraising	777,964	841,450
	3,314,815	3,552,232
Total expenses		
<u>Other income (expense):</u>		
Interest, dividend and investment net gain	5,089	34,429
Interest expense	(6,196)	(12,635)
Investment expenses	(24)	(211)
Loss on disposal of fixed assets	(18,520)	(680)
	(19,651)	20,903
Total other income (expense), net	\$ (19,651)	\$ 20,903

See accompanying notes.

Union Gospel Mission
Statements of Activities and Net Assets, continued
for the years ended June 30, 2016 and 2015

	2016	2015
Increase in unrestricted net assets	\$ 233,545	\$ 32,458
<u>Unrestricted net assets</u> , beginning of year	3,448,566	3,416,108
<u>Unrestricted net assets</u> , end of year	3,682,111	3,448,566
<u>Changes in temporarily restricted net assets:</u>		
<u>Revenue:</u>		
Donations	751	3,753
Net assets released from restriction	(1,809)	(15,565)
	(1,058)	(11,812)
Decrease in temporarily restricted net assets	(1,058)	(11,812)
<u>Temporarily restricted net assets</u> , beginning of year	5,217	17,029
<u>Temporarily restricted net assets</u> , end of year	4,159	5,217
Total net assets	\$ 3,686,270	\$ 3,453,783

See accompanying notes.

**Union Gospel Mission
Statement of Functional Expenses
for the year ended June 30, 2016**

	Program Services						Supporting Services				Total	
	Rehabilitation	Eagles Nest	Food and Care	Outreach	Grace Haven	Women's Center	Total Program Services	Management and General	Golf Tournament	Fund-raising		Total Supporting Services
Compensation and related expenses:												
Compensation	\$ 184,857	\$ 38,448	\$ 188,584	\$ 28,793	\$ -	\$ 28,735	\$ 469,417	\$ 204,451	\$ -	\$ 81,425	\$ 285,876	\$ 755,293
Employee benefits	62,195	14,093	56,529	9,673	-	20,960	163,450	64,105	-	19,981	84,086	247,536
Payroll taxes	7,109	2,243	9,281	(212)	-	1,650	20,071	9,636	-	5,907	15,543	35,614
Total compensation and related expenses	254,161	54,784	254,394	38,254	-	51,345	652,938	278,192	-	107,313	385,505	1,038,443
Automotive	887	5,033	10,723	2,722	-	-	19,365	1,931	-	111	2,042	21,407
Benevolence fund	1,520	24	1,507	1,900	-	108	5,059	-	-	-	-	5,059
Depreciation	6,041	6,343	27,910	11	2	6	40,313	42,010	-	42,819	84,829	125,142
Donated goods	-	-	390,744	-	-	-	390,744	-	-	-	-	390,744
Education and training	2,042	-	15	-	-	-	2,057	32	-	-	32	2,089
Food expenses	297	1,764	662,755	-	-	-	664,816	416	285	119	820	665,636
Insurance	18,436	17,370	28,160	1,096	2,511	4,522	72,095	5,823	-	3,955	9,778	81,873
Miscellaneous	5,058	1,325	16,130	915	-	296	23,724	4,225	-	9,457	13,682	37,406
Professional fees	-	-	-	-	-	-	-	47,400	-	-	47,400	47,400
Promotion and fundraising	-	-	2,481	10,367	-	2,481	15,329	-	25,083	547,922	573,005	588,334
Postage	14	-	-	-	-	-	14	-	259	28,865	29,124	29,138
Repairs and maintenance	7,104	7,509	23,538	-	1,385	4,519	44,055	12,585	-	15,525	28,110	72,165
Subsistence allowance	14,100	-	-	-	-	-	14,100	-	-	-	-	14,100
Supplies:												
Cleaning	-	1,008	19,607	-	13	-	20,628	12	-	-	12	20,640
In-house	8,344	10,695	11,502	464	28	2,003	33,036	3,612	240	5,880	9,732	42,768
Office	782	42	182	88	-	264	1,358	2,616	-	7,035	9,651	11,009
Taxes and licenses	1,773	3,222	3,140	-	264	427	8,826	282	-	223	505	9,331
Telephone	6,402	1,947	2,617	9	573	31	11,579	5,274	-	3,589	8,863	20,442
Utilities	17,950	15,866	35,548	-	5,335	1,788	76,487	10,051	-	5,151	15,202	91,689
Total expenses	\$ 344,911	\$ 126,932	\$ 1,490,953	\$ 55,826	\$ 10,111	\$ 67,790	\$ 2,096,523	\$ 414,461	\$ 25,867	\$ 777,964	\$ 1,218,292	\$ 3,314,815

See accompanying notes.

Union Gospel Mission
Statement of Functional Expenses
for the year ended June 30, 2015

	Program Services						Supporting Services				Total	
	Rehabilitation	Eagles Nest	Food and Care	Outreach	Grace Haven	Women's Center	Total Program Services	Management and General	Golf Tournament	Fund-raising		Total Supporting Services
Compensation and related expenses:												
Compensation	\$ 181,120	\$ 35,097	\$ 159,518	\$ 32,902	\$ -	\$ 14,349	\$ 422,986	\$ 243,723	\$ -	\$ 107,255	\$ 350,978	\$ 773,964
Employee benefits	62,776	13,430	56,479	9,091	-	6,075	147,851	68,670	-	28,348	97,018	244,869
Payroll taxes	5,011	2,515	9,925	1,052	-	310	18,813	12,391	-	11,913	24,304	43,117
Total compensation and related expenses	248,907	51,042	225,922	43,045	-	20,734	589,650	324,784	-	147,516	472,300	1,061,950
Automotive	995	7,413	15,171	2,333	-	230	26,142	3,613	-	222	3,835	29,977
Benevolence fund	2,089	357	537	5,288	-	-	8,271	-	-	200	200	8,471
Depreciation	9,788	9,043	24,699	-	274	-	43,804	52,833	-	39,089	91,922	135,726
Donated goods and services	-	-	384,702	-	-	-	384,702	-	-	-	-	384,702
Education and training	5,084	-	15	-	-	-	5,099	-	-	-	-	5,099
Food expenses	-	3,306	829,066	36	-	-	832,408	422	130	423	975	833,383
Insurance	24,669	17,027	33,948	1,523	2,664	3,920	83,751	8,982	-	5,552	14,534	98,285
Miscellaneous	3,353	653	14,819	783	-	-	19,608	4,955	-	9,232	14,187	33,795
Professional fees	-	-	278	-	-	-	278	42,122	-	-	42,122	42,400
Promotion and fundraising	89	-	2,505	9,398	-	2,205	14,197	-	44,479	571,352	615,831	630,028
Postage	-	-	-	-	-	-	-	11	1,374	27,529	28,914	28,914
Repairs and maintenance	4,504	11,272	13,167	-	662	1,374	30,979	11,809	-	20,714	32,523	63,502
Subsistence allowance	12,192	650	128	-	-	-	12,970	-	-	-	-	12,970
Supplies:												
Cleaning	-	243	16,068	-	-	-	16,311	-	-	-	-	16,311
In-house	4,381	10,720	14,896	13	97	1,001	31,108	3,213	-	8,358	11,571	42,679
Office	80	17	234	19	-	594	944	1,498	-	2,323	3,821	4,765
Taxes and licenses	477	3,268	3,346	49	265	435	7,840	71	-	42	113	7,953
Telephone	5,288	1,834	2,995	22	600	98	10,837	6,608	-	3,644	10,252	21,089
Utilities	18,469	16,067	33,982	251	4,940	1,694	75,403	9,576	-	5,254	14,830	90,233
Total expenses	\$ 340,365	\$ 132,912	\$ 1,616,478	\$ 62,760	\$ 9,502	\$ 32,285	\$ 2,194,302	\$ 470,497	\$ 45,983	\$ 841,450	\$ 1,357,930	\$ 3,552,232

See accompanying notes.

Union Gospel Mission
Statements of Cash Flows
for the years ended June 30, 2016 and 2015

	2016	2015
<u>Cash flows from operating activities:</u>		
Increase in net assets	\$ 232,487	\$ 20,646
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	125,142	135,726
Loss on disposal of fixed assets	18,520	680
Donated property and equipment	(5,685)	(1,280)
Realized and unrealized net gain on investments	(5,640)	(33,704)
Changes in operating assets and liabilities:		
Receivables	1,236	(336)
Prepaid expenses	(14,780)	9,538
Inventory	(14,228)	14,975
Accounts payable	26,933	(10,476)
Accrued wages and vacation	(16,509)	(8,247)
	347,476	127,522
<u>Cash flows from investing activities:</u>		
Cash paid for property and equipment	(17,965)	(78,867)
Cash paid for investments	(18,725)	(42,606)
Cash withdrawals from investments	-	142,606
	(36,690)	21,133
<u>Cash flows from financing activities:</u>		
Principal payments on long-term debt	(136,036)	(96,960)
	174,750	51,695
<u>Cash and cash equivalents, beginning of year</u>	283,866	232,171
<u>Cash and cash equivalents, end of year</u>	\$ 458,616	\$ 283,866

See accompanying notes.

Union Gospel Mission
Statements of Cash Flows, continued
for the years ended June 30, 2016 and 2015

Supplemental Disclosure of Cash Flow Information

	2016	2015
Cash paid for interest	\$ 6,196	\$ 12,635

Schedule of Noncash Investing and Financing Activities

Acquisition of property and equipment	\$ 23,650	\$ 80,147
Less amount donated	5,685	1,280
Cash paid for property and equipment	\$ 17,965	\$ 78,867

See accompanying notes.

Union Gospel Mission
Notes to the Financial Statements
June 30, 2016 and 2015

Note 1: Summary of Significant Accounting Policies:

The following items comprise the significant accounting policies of Union Gospel Mission (the Mission). These policies reflect industry practices and conform to accounting principles generally accepted in the United States of America.

Mission's Activities:

The Mission is a voluntary Christian organization that provides religious and social services to the needy residents of Sacramento, California and surrounding communities. The Mission is supported primarily through donor contributions. The Mission provides food, clothing, shelter and counseling services.

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 estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Classification:

The Mission follows the recommendations of the Financial Accounting Standards Board (FASB). FASB establishes standards for financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally-imposed restrictions. Descriptions of the three net asset categories are as follows:

Unrestricted net assets have no donor-imposed restrictions.

Temporarily restricted net assets have donor-imposed restrictions that are satisfied either by the passage of time or expenditures that meet the donor-specified purpose.

Permanently restricted net assets have donor-imposed restrictions that do not expire.

Expenses are reported as decreases in net assets. Gain and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purposes has been fulfilled or the stipulated time period has elapsed), except for those restrictions met in the same year as received, are reported as revenues in the unrestricted net asset class.

Cash and Cash Equivalents:

The Mission considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Union Gospel Mission
Notes to the Financial Statements, continued
June 30, 2016 and 2015

Note 1: Summary of Significant Accounting Policies, continued:

Investments:

The Mission records all investments at market value. Realized and unrealized gains and losses are recognized as increases or decreases of unrestricted net assets.

Inventory:

Inventory consists of food products, paper goods and cleaning supplies. Purchased products have been valued at cost and donated products have been valued at their wholesale value.

Property and Equipment:

Property and equipment, carried at cost and estimated fair market value at time of donation if donated, is depreciated over the estimated useful life of the related asset. The Mission capitalizes purchase over \$100 which have a useful life of more than one year. Costs of repairs and maintenance are charged to expense. Upon retirement or disposal of property and equipment, the costs and related depreciation are removed from the accounts, and gains or losses, if any, are reflected in the earnings for financial and income tax reporting purposes. Depreciation is computed substantially using the straight-line method for financial statement and income tax reporting purposes. The estimated useful lives used for calculating depreciation for property and equipment are as follows:

	Life
Buildings and improvements	10 to 39 years
Furniture and fixtures	7 years
Vehicles	5 years
Equipment	5 to 7 years

Impairment of Long-Lived Assets:

The Mission reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, then assets are written down first, followed by other long-lived assets of the operation to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. There were no impairment losses recognized for long-lived assets as of June 30, 2016 and 2015.

Union Gospel Mission
Notes to the Financial Statements, continued
June 30, 2016 and 2015

Note 1: Summary of Significant Accounting Policies, continued:

Revenue:

The Mission solicits pledges and promises to give. Contributions are recognized when received or unconditionally promised by donors. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services and Materials:

Volunteers, businesses and others contribute substantial amounts of materials and services toward the fulfillment of projects initiated by the Mission. Services donated by individuals possessing specialized skills where those services would typically be purchased are recorded at the rate at which those services would be purchased. Contributed materials consist mainly of food and clothing used in the Mission's Food and Care program. These items are valued at their estimated fair value.

Many volunteers also provide services throughout the year that are not recognized as contributions in the financial statements because the recognition criteria have not been met. It is impracticable to determine the fair market value of all donated services by the volunteers of the Mission beyond those required to be recognized as income.

Functional Expense Reporting:

The cost of providing program and supporting services has been summarized by function, based on estimates developed by management.

Income Taxes:

The Internal Revenue Service has determined that Union Gospel Mission is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. The Mission qualifies for the charitable contribution deduction and has been classified as an organization other than a private foundation under the Internal Revenue Code. The Mission is also exempt from state franchise and income taxes under the California Revenue and Taxation Code.

Accounting guidance issued by the Financial Accounting Standards Board (FASB) prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Mission did not have unrecognized tax benefits as of June 30, 2016 and 2015 and does not expect this to change significantly over the next twelve months.

Union Gospel Mission
Notes to the Financial Statements, continued
June 30, 2016 and 2015

Note 1: Summary of Significant Accounting Policies, continued:

Concentrations:

Credit Risk:

The Mission maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Mission has not experienced any losses in such accounts. Management believes the Mission is not exposed to any significant credit risk on cash and cash equivalents.

Allocation of Functional Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and support services based on management's analyses of program revenue and/or personnel time.

Subsequent Events:

The Mission has evaluated subsequent events through February 8, 2016, the date on which the financial statements were available to be issued.

Note 2: Investments:

The Mission has investment accounts with a national brokerage firm. The accounts consist of money market and mutual funds. The balances in these accounts are as follows as of June 30:

	2016	2015
Stocks	\$ 31,055	\$ 25,718
Mutual funds	557,105	556,307
Other	23,037	4,807
	\$ 611,197	\$ 586,832

Investment income (expense) are as follows for the years ended June 30:

	2016	2015
Interest and dividends, from investments	\$ 13,776	\$ 14,307
Investment expense	(24)	(211)
Realized/unrealized gains(losses), net	(8,687)	20,122
	\$ 5,065	\$ 34,218

Union Gospel Mission
Notes to the Financial Statements, continued
June 30, 2016 and 2015

Note 3: Fair Value Measurement of Investments:

The Fair Value Measurements Topic of the Financial Accounting Standards Board Codification establishes a framework for measuring fair value under generally accepted accounting principles. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurements Topic are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Mission has the ability to access.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value of measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016 and 2015.

Other funds: Valued at cost, which approximates fair value.

Mutual funds and stocks: Valued at fair market value of shares held by the Mission at year end.

All investment assets are measured at fair value on a recurring basis at June 30, 2016 and 2015, and are level 1 assets.

Union Gospel Mission
Notes to the Financial Statements, continued
June 30, 2016 and 2015

Note 4: Property and Equipment:

Property and equipment consist of the following as of June 30, 2016:

	<u>Purchased</u>	<u>Donated</u>	<u>Total</u>
Land	\$ 317,345	\$ -	\$ 317,345
Buildings and improvements	3,341,294	-	3,341,294
Furniture and fixtures	67,707	5,023	72,730
Vehicles	43,319	24,731	68,050
Equipment	293,641	8,198	301,839
	<u>4,063,306</u>	<u>37,952</u>	<u>4,101,258</u>
Less accumulated depreciation	<u>1,443,004</u>	<u>22,899</u>	<u>1,465,903</u>
	<u>\$ 2,620,302</u>	<u>\$ 15,053</u>	<u>\$ 2,635,355</u>

Depreciation expense for the year ended June 30, 2016 was \$125,142 and is included in the statement of functional expenses.

Property and equipment consist of the following as of June 30, 2015:

	<u>Purchased</u>	<u>Donated</u>	<u>Total</u>
Land	\$ 317,345	\$ -	\$ 317,345
Buildings and improvements	3,301,382	-	3,301,382
Furniture and fixtures	67,517	4,423	71,940
Vehicles	43,319	23,751	67,070
Equipment	294,004	9,023	303,027
Construction in progress	35,650	22,000	57,650
	<u>4,059,217</u>	<u>59,197</u>	<u>4,118,414</u>
Less accumulated depreciation	<u>1,342,481</u>	<u>20,566</u>	<u>1,363,047</u>
	<u>\$ 2,716,736</u>	<u>\$ 38,631</u>	<u>\$ 2,755,367</u>

Depreciation expense for the year ended June 30, 2015 was \$135,726 and is included in the statement of functional expenses.

Union Gospel Mission
Notes to the Financial Statements, continued
June 30, 2016 and 2015

Note 5: In-kind Contributions:

In-kind contributions consisted of the following at June 30:

	2016	2015
Materials (goods)	\$ 671,421	\$ 802,502
Services	-	948
	\$ 671,421	\$ 803,450

Note 6: Long-Term Debt:

Long-term debt consists of the following as of June 30:

		Payable	
	Interest Rate	2016	2015
Note payable, secured by property, monthly principal and interest payments of \$6,532, due September 2018.	5.75%	\$ 25,971	\$ 162,007
Less current maturities		25,971	66,880
		\$ -	\$ 95,127

Note 7: Retirement Plan:

The Mission maintains a 403(b) plan for all eligible employees. The Mission makes a discretionary matching contribution on behalf of the participating employees for up to \$5,000 per year per employee for the years ended June 30, 2016 and 2015. The Mission's matching contributions under the Plan amounted to \$64,383 and \$55,172 for the years ended June 30, 2016 and 2015, respectively, and are included in employee benefits on the statement of functional expenses.

Union Gospel Mission
Notes to the Financial Statements, continued
June 30, 2016 and 2015

Note 8: Operating Leases:

The Mission leases equipment under long-term operating lease agreements. Lease expense relating to these operating leases amounted to \$660 for the years ended June 30, 2016 and 2015, respectively. The minimum lease payments are \$495 for the year ending June 30, 2017.

Note 9: Risks and Uncertainties:

The Mission invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the statement of financial position.