

**UNION GOSPEL MISSION  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**



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**Union Gospel Mission  
Financial Statements  
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## **Independent Auditors' 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, 2018 and 2017, and the related statements of activities and net assets, functional expenses, and cash flows for the years 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

Board of Directors  
**Union Gospel Mission**  
Independent Auditor's Report

**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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Roseville, California  
January 29, 2019

**Union Gospel Mission**  
**Statements of Financial Position**  
**June 30, 2018 and 2017**

**Assets**

	2018	2017
<u>Current assets:</u>		
Cash and cash equivalents	\$ 1,354,605	\$ 679,120
Investments	778,918	702,991
Receivables	-	860
Prepaid expenses	25,472	20,634
Inventory	26,586	28,296
Current portion of note receivable	50,000	-
Assets held for sale	-	346,353
Total current assets	2,235,581	1,778,254
<u>Property and equipment, net</u>	2,178,917	2,239,457
<u>Note receivable, net current portion</u>	350,000	-
Total assets	\$ 4,764,498	\$ 4,017,711

**Liabilities and Net Assets**

<u>Current liabilities:</u>		
Accounts payable	\$ 83,949	\$ 32,441
Accrued wages and vacation payable	73,922	49,752
Total liabilities	157,871	82,193
<u>Net assets:</u>		
Unrestricted	4,439,375	3,933,742
Temporarily restricted	167,252	1,776
Total net assets	4,606,627	3,935,518
Total liabilities and net assets	\$ 4,764,498	\$ 4,017,711

See accompanying notes to the financial statements.

**Union Gospel Mission**  
**Statements of Activities and Net Assets**  
**Years Ended June 30, 2018 and 2017**

	2018	2017
<u>Changes in unrestricted net assets:</u>		
<u>Revenue:</u>		
Individuals	\$ 2,641,526	\$ 2,629,780
Donations - goods	1,267,620	1,376,954
Other income	12,299	12,108
Net assets released from restriction	3,906	6,277
	3,925,351	4,025,119
 <u>Expenses:</u>		
Program services:		
Rehabilitation	431,954	352,916
Eagles Nest	110,347	136,166
Food and Care	1,834,752	1,841,035
Outreach	58,315	57,228
Grace Haven	12,924	9,601
Women's Center	141,128	86,326
Supporting services:		
Management and general	447,914	503,948
Golf tournament	31,880	26,496
Fundraising	849,196	836,803
	3,918,410	3,850,519
 <u>Other income (expense):</u>		
Interest, dividend and investment net gain	69,570	81,318
Interest expense	-	(198)
Investment expenses	(2,759)	(16)
Gain (loss) on disposal of fixed assets	431,881	(4,073)
	498,692	77,031

See accompanying notes to the financial statements.

**Union Gospel Mission**  
**Statements of Activities and Net Assets, continued**  
**Years Ended June 30, 2018 and 2017**

	2018	2017
Increase in unrestricted net assets	\$ 505,633	\$ 251,631
<u>Unrestricted net assets</u> , beginning of year	3,933,742	3,682,111
<u>Unrestricted net assets</u> , end of year	\$ 4,439,375	\$ 3,933,742
<u>Changes in temporarily restricted net assets:</u>		
<u>Revenue:</u>		
Donations	\$ 169,382	\$ 3,894
Net assets released from restriction	(3,906)	(6,277)
Increase (decrease) in temporarily restricted net assets	165,476	(2,383)
<u>Temporarily restricted net assets</u> , beginning of year	1,776	4,159
<u>Temporarily restricted net assets</u> , end of year	\$ 167,252	\$ 1,776
<u>Total net assets</u> , beginning of year	\$ 3,935,518	\$ 3,686,270
Increase in net assets	671,109	249,248
<u>Total net assets</u> , end of year	\$ 4,606,627	\$ 3,935,518

See accompanying notes to the financial statements.

**Union Gospel Mission  
Statement of Functional Expenses  
Year Ended June 30, 2018**

	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
<b>Compensation and related expenses:</b>												
Compensation	\$ 217,666	\$ 32,651	\$ 259,783	\$ 28,221	\$ -	\$ 56,710	\$ 595,031	\$ 231,542	\$ -	\$ 120,686	\$ 352,228	\$ 947,259
Employee benefits	85,128	13,869	79,047	8,738	-	16,528	203,310	61,105	-	37,711	98,816	302,126
Payroll taxes	10,178	2,290	14,967	1,685	-	2,867	31,987	14,940	-	9,613	24,553	56,540
<b>Total compensation and related expenses</b>	<b>312,972</b>	<b>48,810</b>	<b>353,797</b>	<b>38,644</b>	<b>-</b>	<b>76,105</b>	<b>830,328</b>	<b>307,587</b>	<b>-</b>	<b>168,010</b>	<b>475,597</b>	<b>1,305,925</b>
Automotive	2,076	3,397	11,293	3,024	-	46	19,836	3,024	-	-	3,024	22,860
Benevolence fund	500	-	2,383	-	-	20	2,903	-	-	-	-	2,903
Depreciation	17,304	-	18,196	-	2,318	27,903	65,721	40,153	-	7,764	47,917	113,638
Donated goods	-	-	1,257,801	-	-	-	1,257,801	-	-	-	-	1,257,801
Education and training	1,336	-	-	-	-	-	1,336	-	-	-	-	1,336
Food expenses	551	1,654	20,682	-	-	235	23,122	517	343	206	1,066	24,188
Insurance	18,133	15,944	25,194	1,179	2,520	6,513	69,483	7,572	-	3,265	10,837	80,320
Miscellaneous	2,819	1,313	21,597	119	12	126	25,986	3,806	81	12,860	16,747	42,733
Professional fees	8,116	285	292	7,524	-	-	16,217	46,228	-	-	46,228	62,445
Promotion and fundraising	-	-	-	5,642	-	-	5,642	-	30,886	584,694	615,580	621,222
Postage	-	-	7	-	-	-	7	-	324	24,440	24,764	24,771
Repairs and maintenance	17,423	11,618	40,962	-	2,038	17,218	89,259	15,510	95	22,198	37,803	127,062
Subsistence allowance	15,150	-	-	-	-	-	15,150	-	-	-	-	15,150
Supplies:												
Cleaning	279	1,110	19,864	-	-	17	21,270	69	27	-	96	21,366
In-house	5,614	7,202	15,682	1,503	-	3,675	33,676	2,122	-	9,322	11,444	45,120
Office	689	73	1,070	506	-	557	2,895	3,715	124	4,612	8,451	11,346
Taxes and licenses	3,416	2,850	3,134	-	313	2,216	11,929	795	-	564	1,359	13,288
Telephone	7,000	1,888	4,768	174	-	2,220	16,050	6,719	-	5,508	12,227	28,277
Utilities	18,576	14,203	38,030	-	5,723	4,277	80,809	10,097	-	5,753	15,850	96,659
<b>Total expenses</b>	<b>\$ 431,954</b>	<b>\$ 110,347</b>	<b>\$ 1,834,752</b>	<b>\$ 58,315</b>	<b>\$ 12,924</b>	<b>\$ 141,128</b>	<b>\$ 2,589,420</b>	<b>\$ 447,914</b>	<b>\$ 31,880</b>	<b>\$ 849,196</b>	<b>\$ 1,328,990</b>	<b>\$ 3,918,410</b>

See accompanying notes to the financial statements.



**Union Gospel Mission  
Statement of Functional Expenses  
Year Ended June 30, 2017**

	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
<u>Compensation and related expenses:</u>												
Compensation	\$ 182,560	\$ 37,365	\$ 190,599	\$ 29,299	\$ -	\$ 36,568	\$ 476,391	\$ 283,297	\$ -	\$ 103,045	\$ 386,342	\$ 862,733
Employee benefits	66,990	16,661	62,423	10,576	-	32,143	188,793	64,167	-	31,924	96,091	284,884
Payroll taxes	9,372	2,692	12,761	1,468	-	2,120	28,413	16,714	-	7,237	23,951	52,364
Total compensation and related expenses	258,922	56,718	265,783	41,343	-	70,831	693,597	364,178	-	142,206	506,384	1,199,981
Automotive	748	7,391	7,949	2,426	-	-	18,514	2,440	-	121	2,561	21,075
Benevolence fund	1,916	-	588	250	-	61	2,815	62	-	169	231	3,046
Depreciation	6,367	7,995	24,195	-	447	-	39,004	38,789	-	43,362	82,151	121,155
Donated goods and services	-	-	1,374,494	-	-	-	1,374,494	-	-	-	-	1,374,494
Education and training	1,084	-	-	-	-	-	1,084	-	-	-	-	1,084
Food expenses	567	2,035	13,514	-	-	-	16,116	567	204	258	1,029	17,145
Insurance	22,444	17,495	29,066	1,722	2,355	7,893	80,975	9,823	-	5,002	14,825	95,800
Miscellaneous	3,365	1,294	20,618	120	-	76	25,473	4,119	-	9,147	13,266	38,739
Program expenses	5,502	-	1,242	5,657	(25)	321	12,697	-	-	-	-	12,697
Professional fees	-	-	-	-	-	-	-	43,150	-	-	43,150	43,150
Promotion and fundraising	-	129	3,722	5,187	-	2,193	11,231	129	25,850	566,717	592,696	603,927
Postage	-	-	13	-	-	-	13	7	321	28,222	28,550	28,563
Repairs and maintenance	12,679	14,364	23,533	-	453	2,067	53,096	18,363	-	25,539	43,902	96,998
Subsistence allowance	8,805	2,050	1,650	-	-	-	12,505	-	-	-	-	12,505
Supplies:												
Cleaning	-	701	20,719	-	-	-	21,420	31	-	-	31	21,451
In-house	3,037	6,606	11,658	81	29	-	21,411	3,038	-	2,829	5,867	27,278
Office	84	(5)	11	144	-	667	901	3,319	121	1,446	4,886	5,787
Taxes and licenses	2,186	2,976	2,630	30	266	423	8,511	139	-	1,625	1,764	10,275
Telephone	6,389	1,938	3,087	268	703	545	12,930	5,785	-	4,621	10,406	23,336
Utilities	18,821	14,479	36,563	-	5,373	1,249	76,485	10,009	-	5,539	15,548	92,033
Total expenses	<u>\$ 352,916</u>	<u>\$ 136,166</u>	<u>\$ 1,841,035</u>	<u>\$ 57,228</u>	<u>\$ 9,601</u>	<u>\$ 86,326</u>	<u>\$ 2,483,272</u>	<u>\$ 503,948</u>	<u>\$ 26,496</u>	<u>\$ 836,803</u>	<u>\$ 1,367,247</u>	<u>\$ 3,850,519</u>

See accompanying notes to the financial statements.

**Union Gospel Mission**  
**Statements of Cash Flows**  
**Years Ended June 30, 2018 and 2017**

	2018	2017
<u>Cash flows from operating activities:</u>		
Increase in net assets	\$ 671,109	\$ 249,248
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	113,638	121,155
Loss (gain) on disposal of fixed assets	(431,881)	4,073
Donated property and equipment	(9,189)	(2,160)
Realized and unrealized net gain on investments	(53,446)	(75,946)
Changes in operating assets and liabilities:		
Receivables	860	830
Prepaid expenses	(4,838)	17,362
Inventory	1,710	(1,573)
Accounts payable	51,508	347
Accrued wages and vacation payable	24,170	22,510
	363,641	335,846
<u>Cash flows from investing activities:</u>		
Cash paid for property and equipment	(12,208)	(73,523)
Proceeds from disposal of assets	346,533	-
Cash paid for investments	(22,481)	(15,848)
	311,844	(89,371)
<u>Cash flows from financing activities:</u>		
Principal payments on long-term debt	-	(25,971)
	675,485	220,504
<u>Cash and cash equivalents, beginning of year</u>	679,120	458,616
<u>Cash and cash equivalents, end of year</u>	\$ 1,354,605	\$ 679,120

See accompanying notes to the financial statements.

**Union Gospel Mission**  
**Statements of Cash Flows, continued**  
**Years Ended June 30, 2018 and 2017**

**Supplemental Disclosure of Cash Flow Information**

	2018	2017
Cash paid for interest	\$ -	\$ 198

**Schedule of Noncash Investing and Financing Activities**

Acquisition of property and equipment	\$ 21,397	\$ 75,683
Less amount donated	9,189	2,160
Cash paid for property and equipment	\$ 12,208	\$ 73,523
Total proceeds from sale of assets	\$ 746,533	\$ -
Less amount financed through note receivable	400,000	-
Cash received for sale of property and equipment	\$ 346,533	\$ -

See accompanying notes to the financial statements.

**Union Gospel Mission**  
**Notes to the Financial Statements**  
**June 30, 2018 and 2017**

**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 unrestricted 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.

**Union Gospel Mission**  
**Notes to the Financial Statements, continued**  
**June 30, 2018 and 2017**

**Note 1: Summary of Significant Accounting Policies, continued:**

Cash and Cash Equivalents:

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

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 purchases 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:

	<u>Life</u>
Buildings and improvements	10 to 39 years
Furniture and fixtures	7 years
Vehicles	5 years
Equipment	5 to 7 years

**Union Gospel Mission**  
**Notes to the Financial Statements, continued**  
**June 30, 2018 and 2017**

**Note 1: Summary of Significant Accounting Policies, continued:**

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, 2018 and 2017.

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.

**Union Gospel Mission**  
**Notes to the Financial Statements, continued**  
**June 30, 2018 and 2017**

**Note 1: Summary of Significant Accounting Policies, continued:**

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, 2018 and 2017 and does not expect this to change significantly over the next twelve months.

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 January 29, 2019, the date on which the financial statements were available to be issued.

**Union Gospel Mission**  
**Notes to the Financial Statements, continued**  
**June 30, 2018 and 2017**

**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:

	2018			
	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Stocks	\$ 360,086	\$ 8,033	\$ (6,226)	\$ 361,895
Mutual Funds	406,925	11,244	(7,655)	410,512
Other	6,511	-	-	6,511
Total	\$ 773,522	\$ 19,277	\$ (13,881)	\$ 778,918
	2017			
	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Stocks	\$ 27,969	\$ 1,052	\$ -	\$ 29,021
Mutual Funds	572,302	65,408	(485)	637,225
Other	36,745	-	-	36,745
Total	\$ 637,016	\$ 66,460	\$ (485)	\$ 702,991

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

	2018	2017
Interest and dividends, from investments	\$ 16,124	\$ 5,372
Investment expense	(2,759)	(16)
Realized/unrealized gains(losses), net	53,446	75,946
	\$ 66,811	\$ 81,302



**Union Gospel Mission**  
**Notes to the Financial Statements, continued**  
**June 30, 2018 and 2017**

**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, 2018 and 2017.

*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, 2018 and 2017, and are level 1 assets.

**Union Gospel Mission**  
**Notes to the Financial Statements, continued**  
**June 30, 2018 and 2017**

**Note 4: Property and Equipment:**

Property and equipment consist of the following as of June 30, 2018:

	Purchased	Donated	Total
Land	\$ 104,000	\$ -	\$ 104,000
Buildings and improvements	3,124,739	-	3,124,739
Furniture and fixtures	75,857	4,648	80,505
Vehicles	40,694	14,019	54,713
Equipment	235,448	6,702	242,150
	<u>3,580,738</u>	<u>25,369</u>	<u>3,606,107</u>
Less accumulated depreciation	<u>1,412,051</u>	<u>15,139</u>	<u>1,427,190</u>
	<u>\$ 2,168,687</u>	<u>\$ 10,230</u>	<u>\$ 2,178,917</u>

Depreciation expense for the year ended June 30, 2018 was \$113,638 and is included in the statement of functional expenses.

Property and equipment consist of the following as of June 30, 2017:

	Purchased	Donated	Total
Land	\$ 85,000	\$ -	\$ 85,000
Buildings and improvements	3,082,613	-	3,082,613
Furniture and fixtures	67,207	5,083	72,290
Vehicles	43,319	13,285	56,604
Equipment	311,309	9,998	321,307
	<u>3,589,448</u>	<u>28,366</u>	<u>3,617,814</u>
Less accumulated depreciation	<u>1,358,262</u>	<u>20,095</u>	<u>1,378,357</u>
	<u>\$ 2,231,186</u>	<u>\$ 8,271</u>	<u>\$ 2,239,457</u>

Depreciation expense for the year ended June 30, 2017 was \$121,155 and is included in the statement of functional expenses.

**Union Gospel Mission**  
**Notes to the Financial Statements, continued**  
**June 30, 2018 and 2017**

**Note 5: Assets Held for Sale:**

As of June 30, 2017, the Mission committed to selling the property previously intended for use as a recovery center. Management elected to classify the property as an asset held for sale as they anticipated selling the property within a year.

In June of 2018, the property was sold for cash and the Mission extended the buyer credit in the form of a \$400,000 note receivable. The note is secured by the deed of trust and bears an interest rate of 5% per annum. Interest only payments are due monthly with principal payments of \$50,000 due every December. The remaining principal and interest balance is due in June of 2023.

**Note 6: In-Kind Contributions:**

In-kind contributions consist of donated material goods and totaled \$1,267,620 and \$1,376,954 for the years ending June 30, 2018 and 2017, respectively.

**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, 2018 and 2017. The Mission's matching contributions under the Plan amounted to \$69,405 and \$71,423 for the years ended June 30, 2018 and 2017, respectively, and are included in employee benefits on the statement of functional expenses.

**Note 8: 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.

