

**UNION GOSPEL MISSION  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**



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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 statements of financial position as of June 30, 2021 and 2020, 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.



CliftonLarsonAllen LLP  
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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, 2021 and 2020, 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.

### **Emphasis of Matter – *Change in Accounting Principle***

As discussed in Note 1 to the financial statements, Union Gospel Mission has adopted Accounting Standards Update (ASU) No. 2014-19, Revenue from Contracts with Customers (Topic 606). The adoption of this standard did not have a significant impact on the Organization's reported historical revenue. Our opinion is not modified with respect to this matter.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Roseville, California  
December 9, 2021

**Union Gospel Mission  
Statements of Financial Position  
June 30, 2021 and 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,008,777	\$ 1,076,043
Investments	1,834,529	1,322,399
Prepaid Expenses	23,776	48,288
Inventory - Food Supplies	37,701	58,632
Current Portion of Notes Receivables	52,172	50,000
Total Current Assets	3,956,955	2,555,362
<b>PROPERTY AND EQUIPMENT, NET</b>	2,117,139	2,183,991
<b>NOTES RECEIVABLES, NET OF CURRENT PORTION</b>	261,915	274,890
Total Assets	\$ 6,336,009	\$ 5,014,243
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 2,687	\$ 59,348
Accrued Wages and Vacation Payable	86,227	97,596
Total Liabilities	88,914	156,944
<b>NET ASSETS</b>		
Without Donor Restrictions	6,241,619	4,836,332
With Donor Restrictions	5,476	20,967
Total Net Assets	6,247,095	4,857,299
Total Liabilities and Net Assets	\$ 6,336,009	\$ 5,014,243

See accompanying notes to the financial statements.

**Union Gospel Mission**  
**Statements of Activities and Net Assets**  
**Years Ended June 30, 2021 and 2020**

	2021	2020
<b>REVENUE</b>		
Individuals	\$ 3,809,007	\$ 2,960,280
Donations - Goods	1,198,368	1,367,362
Other Income	26,084	6,820
Net Assets Released from Restriction	87,650	134,562
 Total Revenue	 5,121,109	 4,469,024
<b>EXPENSES</b>		
Program Services:		
Rehabilitation	464,644	511,806
Food and Care	2,058,796	2,095,826
Outreach	46,082	140,994
Grace Haven	16,936	16,855
Women's Center	118,564	143,199
Supporting Services:		
Management and General	471,612	433,177
Radio	59,860	-
Fundraising	871,352	873,227
 Total Expenses	 4,107,846	 4,215,084
<b>Other Income (Expense):</b>		
Interest, Dividend and Investment Gain (loss), Net of Expenses	392,132	(4,830)
Loss on Disposal of Fixed Assets	(108)	(3,456)
 Total Other Income, Net	 \$ 392,024	 \$ (8,286)

See accompanying notes to the financial statements.

**Union Gospel Mission**  
**Statements of Activities and Net Assets, continued**  
**Years Ended June 30, 2021 and 2020**

	2021	2020
Increase in Net Assets Without Donor Restrictions	\$ 1,405,287	\$ 245,654
Net Assets Without Donor Restrictions, Beginning of Year	4,836,332	4,590,678
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR</b>	<b>\$ 6,241,619</b>	<b>\$ 4,836,332</b>
Changes in Net Assets With Donor Restrictions:		
Revenue:		
Donations	\$ 72,159	\$ 2,802
Net Assets Released from Restriction	(87,650)	(134,562)
Increase (Decrease) in Net Assets With Donor Restrictions	(15,491)	(131,760)
Net Assets With Donor Restrictions, Beginning of Year	20,967	152,727
<b>NET ASSETS WITH DONOR RESTRICTIONS, END OF YEAR</b>	<b>\$ 5,476</b>	<b>\$ 20,967</b>
Net Assets - Beginning of Year	\$ 4,857,299	\$ 4,743,405
Increase in Net Assets	1,389,796	113,894
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 6,247,095</b>	<b>\$ 4,857,299</b>

See accompanying notes to the financial statements.

**Union Gospel Mission  
Statement of Functional Expenses  
Year Ended June 30, 2021**

	Program Services						Supporting Services				Totals
	Rehabilitation	Food and Care	Outreach	Grace Haven	Women's Center	Total Program Services	Management and General	Radio	Fund-raising	Total Supporting Services	
<u>Compensation and related expenses:</u>											
Compensation	\$ 242,719	\$ 336,257	\$ 31,990	\$ -	\$ 45,243	\$ 656,209	\$ 273,206	\$ -	\$ 179,128	\$ 452,334	\$ 1,108,543
Employee benefits	86,045	117,450	8,096	--	12,298	223,889	68,549	--	37,653	106,202	330,091
Payroll taxes	12,567	23,718	1,487	--	3,041	40,813	17,141	--	12,916	30,057	70,870
Total compensation and related expenses	341,331	477,425	41,573	--	60,582	920,911	358,896	--	229,697	588,593	1,509,504
Automotive	5,378	11,001	1,008	-	269	17,656	2,539	-	269	2,808	20,464
Depreciation	39,316	27,279	-	5,817	30,822	103,234	15,080	-	17,662	32,742	135,976
Donated goods and services	-	1,197,868	-	-	-	1,197,868	-	-	-	-	1,197,868
Education and training	2,277	242	304	-	120	2,943	441	-	589	1,030	3,973
Food expenses	281	34,513	-	-	254	35,048	254	-	254	508	35,556
Insurance	15,053	38,184	2,078	3,558	5,844	64,717	8,837	-	5,578	14,415	79,132
Miscellaneous	979	5,145	(154)	(31)	392	6,331	(2,196)	-	(986)	(3,182)	3,149
Office expenses	4,899	5,250	23	-	962	11,134	15,062	-	32,347	47,409	58,543
Program expenses	6,382	(1,326)	800	-	-	5,856	-	-	-	-	5,856
Professional fees	-	-	-	-	-	-	45,675	-	-	45,675	45,675
Promotion and fundraising	-	-	-	-	-	-	-	-	220,147	220,147	220,147
Postage	-	-	-	-	-	-	-	-	330,164	330,164	330,164
Radio expense	-	-	-	-	-	-	-	59,860	-	59,860	59,860
Repairs and maintenance	5,417	163,801	-	516	3,168	172,902	7,393	-	7,005	14,398	187,300
Subsistence allowance	17,235	-	-	-	-	17,235	-	-	-	-	17,235
Cleaning	44	13,167	-	-	-	13,211	94	-	-	94	13,305
In-house	2,857	21,822	313	7	1,299	26,298	2,008	-	15,633	17,641	43,939
Taxes and licenses	1,907	8,297	-	323	853	11,380	2,088	-	945	3,033	14,413
Telephone	10,066	7,149	137	-	3,603	20,955	9,949	-	6,689	16,638	37,593
Utilities	11,222	48,979	-	6,746	10,396	77,343	5,492	-	5,359	10,851	88,194
Total expenses	\$ 464,644	\$ 2,058,796	\$ 46,082	\$ 16,936	\$ 118,564	\$ 2,705,022	\$ 471,612	\$ 59,860	\$ 871,352	\$ 1,402,824	\$ 4,107,846

See accompanying notes to the financial statements.



**Union Gospel Mission  
Statement of Functional Expenses  
Year Ended June 30, 2020**

	Program Services					Supporting Services				Totals	
	Rehabilitation	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	\$ 267,315	\$ 330,396	\$ 29,847	\$ -	\$ 57,939	\$ 685,497	\$ 248,381	\$ -	\$ 158,869	\$ 407,250	\$ 1,092,747
Employee benefits	98,270	111,382	9,062	-	15,327	234,041	58,566	-	35,458	94,024	328,065
Payroll taxes	13,447	21,857	1,304	-	3,706	40,314	14,411	-	10,952	25,363	65,677
Total compensation and related expenses	379,032	463,635	40,213	-	76,972	959,852	321,358	-	205,279	526,637	1,486,489
Automotive	3,565	8,281	1,963	-	15	13,824	1,963	-	-	1,963	15,787
Benevolence fund	307	703	1,470	-	-	2,480	71	-	-	71	2,551
Depreciation	38,283	26,698	-	4,074	30,023	99,078	17,521	-	17,298	34,819	133,897
Donated goods and services	-	1,366,254	76,000	-	-	1,442,254	-	-	-	-	1,442,254
Education and training	2,894	93	682	-	393	4,062	393	-	492	885	4,947
Food expenses	438	44,066	-	-	438	44,942	477	-	438	915	45,857
Insurance	14,661	38,177	2,070	3,596	5,754	64,258	8,809	-	5,548	14,357	78,615
Miscellaneous	3,298	24,964	15	-	435	28,712	412	-	449	861	29,573
Office expenses	3,680	3,254	406	-	1,255	8,595	16,079	-	20,967	37,046	45,641
Program expenses	9,378	-	4,510	-	-	13,888	-	-	-	-	13,888
Professional fees	-	-	-	-	-	-	41,425	-	-	41,425	41,425
Promotion and fundraising	-	-	12,811	-	-	12,811	-	-	190,313	190,313	203,124
Postage	-	-	-	-	-	-	-	-	331,350	331,350	331,350
Radio expense	-	-	-	-	-	-	-	-	62,410	62,410	62,410
Repairs and maintenance	7,028	23,879	-	1,839	6,669	39,415	4,406	-	12,066	16,472	55,887
Subsistence allowance	10,625	75	-	-	-	10,700	-	-	-	-	10,700
Cleaning	-	20,985	-	-	-	20,985	5	-	-	5	20,990
In-house	4,097	24,507	854	247	3,211	32,916	1,911	-	10,729	12,640	45,556
Taxes and licenses	4,591	3,262	-	319	842	9,014	1,885	-	459	2,344	11,358
Telephone	10,314	5,430	-	-	3,475	19,219	7,710	-	6,810	14,520	33,739
Utilities	19,615	41,563	-	6,780	13,717	81,675	8,752	-	8,619	17,371	99,046
Total expenses	\$ 511,806	\$ 2,095,826	\$ 140,994	\$ 16,855	\$ 143,199	\$ 2,908,680	\$ 433,177	\$ -	\$ 873,227	\$ 1,306,404	\$ 4,215,084

See accompanying notes to the financial statements.

**Union Gospel Mission  
Statements of Cash Flows  
Years Ended June 30, 2021 and 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,389,796	\$ 113,894
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	135,976	133,897
Loss on Disposal of Fixed Assets	108	3,456
Donated Property and Equipment	(16,123)	(1,108)
Realized and Unrealized, Net Gain on Investments	(373,626)	37,367
Changes in Operating Assets and Liabilities:		
Prepaid Expenses and Deposits	24,512	(22,807)
Inventory - Food Supplies	20,931	27,594
Accounts Payable	(56,661)	25,129
Accrued Wages and Vacation Payable	(11,369)	16,254
Net Cash Provided by Operating Activities	1,113,544	333,676
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash Paid for Property and Equipment	(53,109)	(170,160)
Cash Received from Notes Receivable	10,803	50,004
Purchase of Investments	(138,504)	(47,007)
Net Cash Used by Investing Activities	(180,810)	(167,163)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	932,734	166,513
Cash and Cash Equivalents - Beginning of Year	1,076,043	909,530
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 2,008,777</b>	<b>\$ 1,076,043</b>

**Schedule of Noncash Investing and Financing Activities**

Acquisition of Property and Equipment	\$ 69,232	\$ 171,268
Less Amount Donated	16,123	1,108
Cash Paid for Property and Equipment	\$ 53,109	\$ 170,160

See accompanying notes to the financial statements.

**Union Gospel Mission**  
**Notes to the Financial Statements**  
**June 30, 2021 and 2020**

**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). The FASB establishes standards for financial reporting by nonprofit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally imposed restrictions. A description of the two net asset categories are as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Expenses are reported as decreases in net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor 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 net assets without donor restrictions.

**Union Gospel Mission**  
**Notes to the Financial Statements, continued**  
**June 30, 2021 and 2020**

**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 in net assets without donor restrictions.

**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

**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, 2021 and 2020.

**Union Gospel Mission**  
**Notes to the Financial Statements, continued**  
**June 30, 2021 and 2020**

**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 net assets without donor restrictions 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 net assets with donor restrictions depending on the nature of the restriction. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**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 costs of providing for various programs and other activities have been reported on a functional basis in the statement of activities and net assets. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among various programs and supporting services based on estimates made by management. Allocation methods are based on program revenue and/or personnel time.

**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.

**Union Gospel Mission**  
**Notes to the Financial Statements, continued**  
**June 30, 2021 and 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes:**

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, 2021 and 2020 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.

**Change in Accounting Principle:**

On May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Mission's financial statements reflect the application of ASC 606 guidance beginning in July 2019. The Mission has adopted ASU 2014-09 – Revenue from Contracts with Customers (Topic 606), as amended as management believes the standard improves the usefulness and understandability of the Organization, financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Mission recognizes revenue, and therefore, no changes to the previously issued audited financial statements were required as the adoption of ASU 2014-09 did not significantly impact the Mission's reported historical revenue. The presentation and disclosures of revenue have been enhanced in accordance with the standard. Effective July 1, 2019, the Mission adopted topic 606 using the full retrospective method for transition and applied the guidance to all contracts, with no impact to prior year balances or beginning of year end net assets.

**Union Gospel Mission**  
**Notes to the Financial Statements, continued**  
**June 30, 2021 and 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events:**

The Mission has evaluated subsequent events through December 9, 2021, the date on which the financial statements were available to be issued.

**NOTE 2: LIQUIDITY AND AVAILABILITY**

The Mission strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments.

The following table reflects the Mission's financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. Amounts not available to meet general expenditures within one year may also include net assets with donor restrictions. There were net assets with donor restrictions in the amount of \$5,476 and \$20,967 at June 30, 2021 and 2020, respectively.

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 2,008,777	\$ 1,076,043
Investments	1,834,529	1,322,399
Total Financial Assets	<u>3,843,306</u>	<u>2,398,442</u>
Less: Amounts not Available to be used Within One Year		
Financial Assets Not Available to be Used in One Year	<u>5,476</u>	<u>20,967</u>
Financial Assets Available To Meet Cash Need For General Expenditures within One Year	<u>\$ 3,837,830</u>	<u>\$ 2,377,475</u>

**Union Gospel Mission**  
**Notes to the Financial Statements, continued**  
**June 30, 2021 and 2020**

**NOTE 3: 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:

	2021			
	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Stocks	\$ 1,046,810	\$ 285,697	\$ (726)	\$ 1,331,781
Mutual Funds	441,759	37,005	(1,194)	477,570
Other	25,178	-	-	25,178
Total	<u>\$ 1,513,747</u>	<u>\$ 322,702</u>	<u>\$ (1,920)</u>	<u>\$ 1,834,529</u>
	2020			
	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Stocks	\$ 954,778	\$ 23,526	\$ (31,761)	\$ 946,543
Mutual Funds	345,738	22,899	(9,538)	359,099
Other	16,757	-	-	16,757
Total	<u>\$ 1,317,273</u>	<u>\$ 46,425</u>	<u>\$ (41,299)</u>	<u>\$ 1,322,399</u>

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

	2021	2020
Interest and dividends, from investments	\$ 30,917	\$ 44,431
Investment expense	(13,014)	(11,894)
Realized/unrealized gains(losses), net	374,229	(37,367)
	<u>\$ 392,132</u>	<u>\$ (4,830)</u>



**Union Gospel Mission**  
**Notes to the Financial Statements, continued**  
**June 30, 2021 and 2020**

**NOTE 4: FAIR VALUE MEASUREMENTS OF INVESTMENTS**

The Fair Value Measurements Topic of FASB Codification establishes a framework for measuring fair value under accounting principles generally accepted in the United States of America. 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 Association 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, 2021 and 2020.

The methods described above may produce a fair value calculation that may not be as indicative of net realizable value or reflective of future fair values. Furthermore, while the Mission 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.

**Union Gospel Mission**  
**Notes to the Financial Statements, continued**  
**June 30, 2021 and 2020**

**NOTE 4: FAIR VALUE MEASUREMENTS OF INVESTMENTS (CONTINUED)**

The following table presents assets measured at fair value on a recurring basis, at June 30, 2021:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Stocks	\$ 1,331,781	\$ 1,331,781	\$ -	\$ -
Mutual Funds	477,570	477,570	-	-
Other	25,178	25,178	-	-
	<u>\$ 1,834,529</u>	<u>\$ 1,834,529</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents assets measured at fair value on a recurring basis, at June 30, 2020:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Stocks	\$ 946,543	\$ 946,543	\$ -	\$ -
Mutual Funds	359,099	359,099	-	-
Other	16,757	16,757	-	-
	<u>\$ 1,322,399</u>	<u>\$ 1,322,399</u>	<u>\$ -</u>	<u>\$ -</u>

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**NOTE 5: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30, 2021:

	Purchased	Donated	Total
Land	\$ 104,000	\$ -	\$ 104,000
Buildings and improvements	3,226,900	-	3,226,900
Furniture and fixtures	82,083	3,748	85,831
Vehicles	78,685	27,417	106,102
Equipment	299,319	6,125	305,444
Construction in progress	30,424	-	30,424
	<u>3,821,411</u>	<u>37,290</u>	<u>3,858,701</u>
Less accumulated depreciation	<u>1,723,846</u>	<u>17,716</u>	<u>1,741,562</u>
	<u>\$ 2,097,565</u>	<u>\$ 19,574</u>	<u>\$ 2,117,139</u>

Depreciation expense for the year ended June 30, 2021 was \$135,976 and is included in the statement of functional expenses.

Property and equipment consist of the following as of June 30, 2020:

	Purchased	Donated	Total
Land	\$ 104,000	\$ -	\$ 104,000
Buildings and improvements	3,229,398	-	3,229,398
Furniture and fixtures	82,083	3,748	85,831
Vehicles	78,685	15,694	94,379
Equipment	278,701	5,652	284,353
	<u>3,772,867</u>	<u>25,094</u>	<u>3,797,961</u>
Less accumulated depreciation	<u>1,596,047</u>	<u>17,923</u>	<u>1,613,970</u>
	<u>\$ 2,176,820</u>	<u>\$ 7,171</u>	<u>\$ 2,183,991</u>

Depreciation expense for the year ended June 30, 2020 was \$133,897 and is included in the statement of functional expenses.

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**NOTE 6: NOTES RECEIVABLE**

In June of 2018, the Mission sold a property previously intended for use as a recovery center 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 balance due on the note receivable as of June 30, 2021 and 2020 are \$274,890 and \$324,890, respectively. The remaining principal, and any unpaid accrued interest are due June 2023.

In February of 2021, the Mission issued an installment note to an employee for the purchase of a mobile home. The note is collateralized with the mobile home. The note bears an interest rate of 3% per annum and a principal amount of \$276.23 per month through February 2036. The balance due on the note receivable as of June 30, 2021 is \$39,197.

**NOTE 7: IN-KIND CONTRIBUTIONS**

In-kind contributions consist of donated material goods and totaled \$1,198,368 and \$1,366,254 for the years ending June 30, 2021 and 2020, respectively.

**NOTE 8: 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 up to \$5,000 per year per employee for the years ended June 30, 2021 and 2020. The Mission's matching contributions under the Plan amounted to \$68,325 and \$68,213 for the years ended June 30, 2021 and 2020, respectively, and are included in employee benefits on the statement of functional expenses.

**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.

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2022 operations and financial results, including investment fair value, fundraising and contributions. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are continuing subsequent to year-end and are still developing.