

**UNION GOSPEL MISSION  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Union Gospel Mission  
Sacramento, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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 Union Gospel Mission as of June 30, 2022 and 2021, 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.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Union Gospel Mission and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Union Gospel Mission's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Union Gospel Mission'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 Union Gospel Mission'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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Roseville, California  
November 28, 2022

**UNION GOSPEL MISSION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 3,003,438	\$ 2,008,777
Investments	1,803,872	1,834,529
Prepaid Expenses	25,618	23,776
Inventory - Food Supplies	57,735	37,701
Current Portion of Notes Receivables	178,292	52,172
Total Current Assets	5,068,955	3,956,955
<b>PROPERTY AND EQUIPMENT, NET</b>	2,424,387	2,117,139
<b>NOTES RECEIVABLES, NET OF CURRENT PORTION</b>	34,501	261,915
Total Assets	\$ 7,527,843	\$ 6,336,009
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 12,449	\$ 2,687
Accrued Wages and Vacation Payable	75,256	86,227
Total Liabilities	87,705	88,914
<b>NET ASSETS</b>		
Without Donor Restrictions	7,427,205	6,241,619
With Donor Restrictions	12,933	5,476
Total Net Assets	7,440,138	6,247,095
Total Liabilities and Net Assets	\$ 7,527,843	\$ 6,336,009

See accompanying Notes to Financial Statements.

**UNION GOSPEL MISSION**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>REVENUE</b>		
Contributions of Cash and Other Financial Assets	\$ 4,358,110	\$ 3,794,012
Contributions of Nonfinancial Assets	1,182,085	1,198,368
Other Income	22,449	26,084
Net Assets Released from Restriction	4,143	87,650
Total Revenue	5,566,787	5,106,114
<b>EXPENSES</b>		
Program Services:		
Rehabilitation	605,038	464,644
Food and Care	1,964,809	2,058,796
Outreach	46,016	46,082
Grace Haven	19,197	16,936
Women's Center	124,989	118,564
Supporting Services:		
Management and General	414,270	471,612
Radio	67,740	59,860
Fundraising	849,951	871,352
Total Expenses	4,092,010	4,107,846
<b>OTHER INCOME (EXPENSES)</b>		
Interest, Dividend and Investment Gain (loss), Net of Expenses	(296,199)	391,735
Interest on Notes Receivable	12,847	15,392
Loss on Disposal of Fixed Assets	(5,839)	(108)
Total Other Income (Expenses), Net	(289,191)	407,019
Increase in Net Assets Without Donor Restrictions	1,185,586	1,405,287
Net Assets Without Donor Restrictions – Beginning of Year	6,241,619	4,836,332
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS – END OF YEAR</b>	\$ 7,427,205	\$ 6,241,619
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Revenue:		
Donations	\$ 11,600	\$ 72,159
Net Assets Released from Restriction	(4,143)	(87,650)
Increase (Decrease) in Net Assets With Donor Restrictions	7,457	(15,491)
Net Assets With Donor Restrictions - Beginning of Year	5,476	20,967
<b>NET ASSETS WITH DONOR RESTRICTIONS - END OF YEAR</b>	\$ 12,933	\$ 5,476
<b>CHANGES IN NET ASSETS</b>	\$ 1,193,043	\$ 1,389,796
Net Assets - Beginning of Year	6,247,095	4,857,299
<b>NET ASSETS - END OF YEAR</b>	\$ 7,440,138	\$ 6,247,095

See accompanying Notes to Financial Statements.

**UNION GOSPEL MISSION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022**

	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	
Compensation	\$ 324,601	\$ 331,636	\$ 30,025	\$ -	\$ 44,404	\$ 730,666	\$ 230,415	\$ -	\$ 174,928	\$ 405,343	\$ 1,136,009
Employee Benefits	111,412	110,544	5,409	-	14,588	241,953	49,989	-	48,036	98,025	339,978
Payroll Taxes	17,161	21,671	1,236	-	2,904	42,972	12,975	-	12,202	25,177	68,149
Automotive	7,311	30,975	1,541	-	1,138	40,965	4,153	-	1,755	5,908	46,873
Depreciation	36,425	30,588	1,413	4,567	24,841	97,834	17,436	-	26,248	43,684	141,518
Donated Goods and Services	-	1,182,086	-	-	-	1,182,086	-	-	-	-	1,182,086
Education and Training	375	-	-	-	21	396	-	-	21	21	417
Food Expenses	225	(10,334)	-	-	225	(9,884)	317	-	275	592	(9,292)
Insurance	16,790	45,350	2,463	4,561	6,940	76,104	10,064	-	6,714	16,778	92,882
Miscellaneous	2,719	25,096	553	-	2,320	30,688	1,439	-	984	2,423	33,111
Office Expenses	7,215	12,969	608	-	1,978	22,770	18,122	-	70,545	88,667	111,437
Program Expenses	7,384	-	2,363	-	-	9,747	-	-	-	-	9,747
Professional Fees	-	-	-	-	-	-	43,260	-	-	43,260	43,260
Promotion and Fundraising	-	-	-	-	-	-	-	-	239,631	239,631	239,631
Postage	-	-	-	-	-	-	-	-	231,055	231,055	231,055
Radio Expense	-	-	-	-	-	-	-	67,740	-	67,740	67,740
Repairs and Maintenance	6,366	59,643	-	1,921	6,904	74,834	5,862	-	10,423	16,285	91,119
Subsistence Allowance	14,650	-	-	-	-	14,650	-	-	-	-	14,650
Supplies	-	-	-	-	-	-	-	-	-	-	-
Cleaning	-	8,960	-	-	-	8,960	-	-	-	-	8,960
In-House	6,640	28,354	137	15	2,982	38,128	3,557	-	14,542	18,099	56,227
Taxes and Licenses	3,277	4,317	-	329	866	8,789	1,026	-	473	1,499	10,288
Telephone	9,445	10,609	268	-	3,476	23,798	10,917	-	7,516	18,433	42,231
Utilities	33,042	72,345	-	7,804	11,402	124,593	4,738	-	4,603	9,341	133,934
<b>Total Expenses</b>	<b>\$ 605,038</b>	<b>\$ 1,964,809</b>	<b>\$ 46,016</b>	<b>\$ 19,197</b>	<b>\$ 124,989</b>	<b>\$ 2,760,049</b>	<b>\$ 414,270</b>	<b>\$ 67,740</b>	<b>\$ 849,951</b>	<b>\$ 1,331,961</b>	<b>\$ 4,092,010</b>

See accompanying Notes to 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	
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
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
Supplies:											
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
<b>Total Expenses</b>	<b>\$ 464,644</b>	<b>\$ 2,058,796</b>	<b>\$ 46,082</b>	<b>\$ 16,936</b>	<b>\$ 118,564</b>	<b>\$ 2,705,022</b>	<b>\$ 471,612</b>	<b>\$ 59,860</b>	<b>\$ 871,352</b>	<b>\$ 1,402,824</b>	<b>\$ 4,107,846</b>

See accompanying Notes to Financial Statements.



**UNION GOSPEL MISSION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,193,043	\$ 1,389,796
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	141,518	135,976
Loss on Disposal of Fixed Assets	5,839	108
Donated Property and Equipment	(7,500)	(16,123)
Realized and Unrealized, Net (Gain) Loss on Investments	(321,159)	(373,626)
Changes in Operating Assets and Liabilities:		
Prepaid Expenses and Deposits	(1,842)	24,512
Inventory - Food Supplies	(20,034)	20,931
Accounts Payable	9,762	(56,661)
Accrued Wages and Vacation Payable	(10,971)	(11,369)
Net Cash Provided by Operating Activities	988,656	1,113,544
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash Paid for Property and Equipment	(447,105)	(53,109)
Cash Received from Notes Receivable	101,294	10,803
Purchase of Investments	351,816	(138,504)
Net Cash Provided (Used) by Investing Activities	6,005	(180,810)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	994,661	932,734
Cash and Cash Equivalents - Beginning of Year	2,008,777	1,076,043
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 3,003,438	\$ 2,008,777
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY</b>		
Acquisition of Property and Equipment	\$ 454,605	\$ 69,232
Less: Amount Donated	7,500	16,123
Total Cash Paid for Property and Equipment	\$ 447,105	\$ 53,109

See accompanying Notes to Financial Statements.

**UNION GOSPEL MISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**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 without donor restrictions. 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 FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**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 reporting purposes. Depreciation is computed substantially using the straight-line method for financial statement reporting purposes. The estimated useful lives used for calculating depreciation for property and equipment are as follows:

Buildings and Improvements	10 to 39 Years
Equipment	5 to 7 Years
Furniture and Fixtures	7 Years
Vehicles	5 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, 2022 and 2021.

**UNION GOSPEL MISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**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 Mission is a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Revenue and Taxation Code and, therefore, is subject to federal and state income taxes only on non-exempt monies earned. In addition, the Mission is required to operate in conformity with the IRC to maintain its tax-exempt status. The Mission believes that it has been operated in compliance with the applicable requirements of the IRC and therefore believes that it is tax-exempt.

**Uncertain Tax Positions**

The Financial Accounting Standards Board (FASB) ASC Topic 740, *Accounting for Uncertainty in Income Taxes*, 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.

**UNION GOSPEL MISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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

**Uncertain Tax Positions (Continued)**

For the years ended June 30, 2022 and 2021, the Mission has no material uncertain tax positions to be accounted for in the financial statements under these rules. The Mission recognizes interest and penalties, if any, related to unrecognized tax benefits in general and administrative expenses.

The Mission files tax returns exempt from income tax in the U.S. federal jurisdiction and the state of California. The Mission did not have unrecognized tax benefits as of the years ended June 30, 2022 and 2021, and does not expect this to change significantly over the next twelve months. The Mission will recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of June 30, 2022 and 2021, the Mission has not accrued interest or penalties related to uncertain tax positions.

**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.

**Recently Adopted Accounting Pronouncements**

In the fiscal year 2022, the Mission adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The standard did not have a material impact on the financial statements, with the exception of increased disclosure. The mission has updated disclosures necessary (See Note 7 In-Kind Contributions).

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Subsequent Events**

The Mission has evaluated subsequent events through November 28, 2022, the date on which the financial statements were available to be issued.

**UNION GOSPEL MISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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 table below reflects the Mission's financial assets as of June 30, 2022 and 2021, 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 \$12,933 and \$5,476 at June 30, 2022 and 2021, respectively.

	2022	2021
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 3,003,438	\$ 2,008,777
Current Portion of Notes Receivables	178,292	52,172
Investments	1,803,872	1,834,529
Total Financial Assets	4,985,602	3,895,478
Less: Amounts not Available to be Used		
Within One Year		
Financial Assets Not Available to be		
Used in One Year	12,933	5,476
Financial Assets Available To Meet		
Cash Need For General Expenditures		
Within One Year	\$ 4,794,377	\$ 3,890,002

**NOTE 3 INVESTMENTS**

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

	2022			
		Gross	Gross	
	Cost	Unrealized Gain	Unrealized Loss	Fair Value
Stocks	\$ 1,285,560	\$ 79,077	\$ (60,267)	\$ 1,304,370
Mutual Funds	507,570	15,644	(51,287)	471,927
Other	27,575	-	-	27,575
Total	\$ 1,820,705	\$ 94,721	\$ (111,554)	\$ 1,803,872
	2021			
		Gross	Gross	
	Cost	Unrealized Gain	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	\$ 1,513,747	\$ 322,702	\$ (1,920)	\$ 1,834,529

**UNION GOSPEL MISSION  
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**NOTE 3 INVESTMENTS (CONTINUED)**

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

	2022	2021
Interest and Dividends from Investments	\$ 41,588	\$ 30,917
Investment Expense	(16,628)	(13,014)
Realized/Unrealized Gains (Losses), Net	(321,159)	373,832
Total	\$ (296,199)	\$ 391,735

**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 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 for the years ended June 30, 2022 and 2021.

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

*Equities, money market and mutual funds:* are valued on the basis of prices provided by an independent pricing service and are classified as Level 1 in the fair value hierarchy.

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.

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

		2022			
		Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Stocks		\$ 1,304,370	\$ 1,304,370	\$ -	\$ -
Mutual Funds		471,927	471,927	-	-
Other		27,575	27,575	-	-
	Total	<u>\$ 1,803,872</u>	<u>\$ 1,803,872</u>	<u>\$ -</u>	<u>\$ -</u>
		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	-	-
	Total	<u>\$ 1,834,529</u>	<u>\$ 1,834,529</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, 2022:

	<u>Purchased</u>	<u>Donated</u>	<u>Total</u>
Land	\$ 104,000	\$ -	\$ 104,000
Buildings and Improvements	3,649,579	-	3,649,579
Furniture and Fixtures	86,094	3,748	89,842
Vehicles	78,685	25,794	104,479
Equipment	350,157	6,125	356,282
Construction in Progress	-	-	-
Subtotal	<u>4,268,515</u>	<u>35,667</u>	<u>4,304,182</u>
Less: Accumulated Depreciation	<u>1,859,512</u>	<u>20,283</u>	<u>1,879,795</u>
Total Property and Equipment	<u>\$ 2,409,003</u>	<u>\$ 15,384</u>	<u>\$ 2,424,387</u>

Depreciation expense for the year ended June 30, 2022 was \$141,518 and is included in the statement of functional expenses.

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

	<u>Purchased</u>	<u>Donated</u>	<u>Total</u>
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
Subtotal	<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>
Total Property and Equipment	<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.

**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, 2022 and 2021 are \$176,054 and \$274,890, respectively. The remaining principal, and any unpaid accrued interest are due June 2023.

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**NOTE 6 NOTES RECEIVABLE (CONTINUED)**

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, 2022 and 2021 is \$36,739 and \$39,197, respectively.

**NOTE 7 IN-KIND CONTRIBUTIONS**

The Mission receives various forms of gift-in-kind (GIK) including food and non-food items such as clothing and household goods. GIK are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. GIK are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Donated GIK are not sold, and goods are only distributed for program use. For the years ended June 30, contributed nonfinancial assets recognized within the statement of activities and changes in net assets included:

Nonfinancial Contributions Category	Type of Contributions for Beneficiaries	Valuation	2022	2021
Food	Food	US wholesale prices for identical or Similar products	\$ 761,945	\$ 871,666
Nonfood items	Clothing, Hygiene Products, and Household Goods	The Salvation Army's Donated Valuation Guide Pricing for Identical or Similar products	420,140	326,702
Total			<u>\$ 1,182,085</u>	<u>\$ 1,198,368</u>

**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, 2022 and 2021. The Mission's matching contributions under the Plan amounted to \$75,161 and \$68,325 for the years ended June 30, 2022 and 2021, respectively, and are included in employee benefits on the statement of functional expenses.



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