

**CITY UNION MISSION, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED SEPTEMBER 30, 2019 AND 2018**



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**CITY UNION MISSION, INC.  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
City Union Mission, Inc.  
Kansas City, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of City Union Mission, Inc. (the Mission), which comprise the statements of financial position as of September 30, 2019 and 2018, 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.

### ***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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Mission'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 Mission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of City Union Mission, Inc. as of September 30, 2019 and 2018, 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**

As discussed in Note 2 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2016-14 *Not-For-Profit (Topic 958), Presentation of Financial Statements for Not-For-Profit Entities*. Our opinion is not modified with respect to that matter.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of contributed services and gifts-in-kind, and the schedules of contributions (the supplementary information) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

St. Joseph, Missouri  
January 20, 2020

**CITY UNION MISSION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 1,314,726	\$ 755,509	\$ 2,070,235	\$ 1,355,394	\$ 394,274	\$ 1,749,668
Pledges Receivable - Net	173,139	25,000	198,139	74,348	30,000	104,348
Accounts Receivable	6,283	-	6,283	3,689	-	3,689
Due from (to) Other Funds	(109,809)	109,809	-	(163,625)	163,625	-
Prepaid Expenses	273,824	-	273,824	304,114	-	304,114
Inventories, Net	797,722	-	797,722	984,082	-	984,082
Total Current Assets	<u>2,455,885</u>	<u>890,318</u>	<u>3,346,203</u>	<u>2,558,002</u>	<u>587,899</u>	<u>3,145,901</u>
<b>BENEFICIAL INTEREST IN COMMUNITY FOUNDATIONS</b>						
	-	94,439	94,439	-	93,332	93,332
<b>INVESTMENTS</b>						
	14,552,108	1,408,933	15,961,041	14,502,172	1,312,978	15,815,150
<b>PROPERTY AND EQUIPMENT - NET</b>						
	19,219,648	-	19,219,648	19,100,751	-	19,100,751
<b>OTHER ASSETS</b>						
Long-Term Pledges Receivable - Net	-	-	-	-	25,000	25,000
Deposits	4,500	-	4,500	4,500	-	4,500
Total Other Assets	<u>4,500</u>	<u>-</u>	<u>4,500</u>	<u>4,500</u>	<u>25,000</u>	<u>29,500</u>
Total Assets	<u>\$ 36,232,141</u>	<u>\$ 2,393,690</u>	<u>\$ 38,625,831</u>	<u>\$ 36,165,425</u>	<u>\$ 2,019,209</u>	<u>\$ 38,184,634</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable	\$ 163,348	\$ -	\$ 163,348	\$ 257,834	\$ -	\$ 257,834
Accrued Liabilities	445,844	-	445,844	374,057	-	374,057
Current Portion of Charitable Gift Annuities	2,950	-	2,950	2,950	-	2,950
Total Current Liabilities	<u>612,142</u>	<u>-</u>	<u>612,142</u>	<u>634,841</u>	<u>-</u>	<u>634,841</u>
<b>LONG-TERM LIABILITIES</b>						
Charitable Gift Annuities	9,294	-	9,294	11,701	-	11,701
Total Liabilities	621,436	-	621,436	646,542	-	646,542
<b>NET ASSETS</b>						
Without Donor Restrictions:						
General Operating	20,528,238	-	20,528,238	20,791,065	-	20,791,065
Board-Designated	15,082,467	-	15,082,467	14,727,818	-	14,727,818
With Donor Restrictions:						
Purpose Restrictions	-	1,132,159	1,132,159	-	757,678	757,678
Perpetual in Nature	-	1,261,531	1,261,531	-	1,261,531	1,261,531
Total Net Assets	<u>35,610,705</u>	<u>2,393,690</u>	<u>38,004,395</u>	<u>35,518,883</u>	<u>2,019,209</u>	<u>37,538,092</u>
Total Liabilities and Net Assets	<u>\$ 36,232,141</u>	<u>\$ 2,393,690</u>	<u>\$ 38,625,831</u>	<u>\$ 36,165,425</u>	<u>\$ 2,019,209</u>	<u>\$ 38,184,634</u>

See accompanying Notes to Financial Statements.

**CITY UNION MISSION, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, GAINS, LOSSES, AND OTHER SUPPORT</b>						
Contributions	\$ 8,615,950	\$ 1,097,730	\$ 9,713,680	\$ 8,790,919	\$ 442,699	\$ 9,233,618
Contributed Services and Gifts-in-Kind	3,330,780	-	3,330,780	3,187,584	-	3,187,584
Receiving Center Sales	4,640,352	-	4,640,352	4,281,732	-	4,281,732
Special Events	206,355	-	206,355	481,167	-	481,167
Cost of Special Events	(67,693)	-	(67,693)	(35,216)	-	(35,216)
Vending Revenue	31,255	-	31,255	30,561	-	30,561
Miscellaneous Income	87,404	2,243	89,647	67,696	-	67,696
Investment Income - Net	996,997	27,283	1,024,280	702,542	1,665	704,207
Beneficial Interest in Community Foundations	-	1,841	1,841	-	20,468	20,468
Camp Rental and Fees	62,917	-	62,917	62,129	-	62,129
Dormitory Fees	14,969	-	14,969	11,926	-	11,926
Loss on Disposal of Assets	(5,199)	-	(5,199)	(6,152)	-	(6,152)
Satisfaction of Purpose Restrictions	837,462	(837,462)	-	667,668	(667,668)	-
Total Revenue, Gains, Losses, and Other Support	18,751,549	291,635	19,043,184	18,242,556	(202,836)	18,039,720
<b>EXPENSES</b>						
Program Services	15,622,797	-	15,622,797	14,242,357	-	14,242,357
General and Administrative	946,412	-	946,412	872,409	-	872,409
Fundraising	1,723,159	-	1,723,159	1,618,986	-	1,618,986
Total Expenses	18,292,368	-	18,292,368	16,733,752	-	16,733,752
<b>OTHER REVENUES (EXPENSES)</b>						
Unrealized Gains (Losses) on Investments - Net	(367,359)	82,846	(284,513)	90,557	(1,150)	89,407
<b>CHANGES IN NET ASSETS</b>	91,822	374,481	466,303	1,599,361	(203,986)	1,395,375
Net Assets - Beginning of Year	35,518,883	2,019,209	37,538,092	33,919,522	2,223,195	36,142,717
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 35,610,705</u>	<u>\$ 2,393,690</u>	<u>\$ 38,004,395</u>	<u>\$ 35,518,883</u>	<u>\$ 2,019,209</u>	<u>\$ 37,538,092</u>

See accompanying Notes to Financial Statements.

**CITY UNION MISSION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2019**

	Warehouse	Men's Ministry	Farm and Camp	Thrift Stores	Family and Youth Ministries	Total Program	General and Administrative	Fundraising	Total
<b>EXPENSES</b>									
Salaries and Payroll Taxes	\$ 413,612	\$ 1,889,094	\$ 306,232	\$ 2,091,350	\$ 1,387,302	\$ 6,087,590	\$ 439,668	\$ 438,237	\$ 6,965,495
Fringe Benefits	118,915	543,123	88,043	49,519	393,336	1,192,936	73,359	119,597	1,385,892
Contract Services	-	56,537	-	-	16,148	72,685	34,554	47,978	155,217
Groceries	-	1,530,303	37,499	-	90,337	1,658,139	-	-	1,658,139
Promos, Publications, and Postage	-	-	18	60,481	-	60,499	32,142	1,022,317	1,114,958
Clothing	17,347	23,196	1,833	239,151	227,451	508,978	-	-	508,978
Depreciation	120,823	753,257	156,270	146,539	161,678	1,338,567	1,119	-	1,339,686
Professional Fees	-	60,033	10,555	325,492	19,227	415,307	118,332	3,411	537,050
Utilities	40,980	226,088	89,545	121,690	131,679	609,982	18,562	18,563	647,107
Furniture and Household Items	199,493	21,786	3,224	6,490	461,305	692,298	-	-	692,298
Miscellaneous Expenses	11,598	29,714	19,697	82,963	137,658	281,630	751	111,316	393,697
Maintenance and Repairs	10,592	85,194	42,868	99,555	59,981	298,190	36,388	-	334,578
Paper Products and Supplies	51,656	-	-	-	-	51,656	-	-	51,656
Operating and Medical Supplies	37,384	16,160	584	-	24,745	78,873	-	-	78,873
Small Equipment Purchases	38,653	33,198	63,359	3,241	30,517	168,968	44,587	278	213,833
Christmas and Thanksgiving Expenses	32,430	5,745	512	-	153,474	192,161	-	-	192,161
Housekeeping Supplies Expenses	37,023	36,746	8,660	157,386	28,931	268,746	4,864	-	273,610
Property Insurance	10,144	165,081	62,364	134,243	110,104	481,936	14,674	14,674	511,284
Office Supplies	-	4,382	283	3,313	2,285	10,263	16,049	-	26,312
Travel - Seminars and Education	4,850	4,831	2,806	8,864	6,358	27,709	13,131	2,653	43,493
Spending Allowance	-	21,380	2,055	-	2,391	25,826	-	-	25,826
Emergency Relief	-	12,293	2,719	-	16,820	31,832	-	-	31,832
Building Equipment Rental	18,123	50,574	5,976	688,641	15,767	779,081	11,284	-	790,365
Automobile Expenses	107,585	-	19,262	20,652	275	147,774	-	-	147,774
Dues, Subscriptions, and Fees	6,874	13,899	11,922	10,322	13,968	56,985	15,981	11,828	84,794
Taxes and Licenses	2,665	-	436	-	-	3,101	2,197	-	5,298
Bad Debt Expense	-	-	-	-	-	-	27,657	-	27,657
Financial Expenses	-	-	-	81,287	-	81,287	41,113	-	122,400
Overhead Allocated	-	-	-	(202)	-	(202)	-	-	(202)
<b>Total Expenses</b>	<b>1,280,747</b>	<b>5,582,614</b>	<b>936,722</b>	<b>4,330,977</b>	<b>3,491,737</b>	<b>15,622,797</b>	<b>946,412</b>	<b>1,790,852</b>	<b>18,360,061</b>
Less: Expenses Included with Revenues on the Statement of Activities and Changes in Net Assets	-	-	-	-	-	-	-	67,693	67,693
<b>Total Expenses Included in the Expense Section of the Statement of Activities and Changes in Net Assets</b>	<b>\$ 1,280,747</b>	<b>\$ 5,582,614</b>	<b>\$ 936,722</b>	<b>\$ 4,330,977</b>	<b>\$ 3,491,737</b>	<b>\$ 15,622,797</b>	<b>\$ 946,412</b>	<b>\$ 1,723,159</b>	<b>\$ 18,292,368</b>

See accompanying Notes to Financial Statements.

**CITY UNION MISSION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Warehouse	Men's Ministry	Farm and Camp	Thrift Stores	Family and Youth Ministries	Total Program	General and Administrative	Fundraising	Total
<b>EXPENSES</b>									
Salaries and Payroll Taxes	\$ 411,440	\$ 1,683,163	\$ 336,633	\$ 2,000,395	\$ 1,326,227	\$ 5,757,858	\$ 433,205	\$ 455,782	\$ 6,646,845
Fringe Benefits	64,849	475,560	108,082	67,200	432,327	1,148,018	63,179	134,957	1,346,154
Contract Services	-	13,622	-	-	5,571	19,193	35,872	51,561	106,626
Groceries	-	728,015	34,848	-	439,169	1,202,032	-	-	1,202,032
Promos, Publications, and Postage	-	-	179	99,889	-	100,068	30,817	904,472	1,035,357
Clothing	18,282	23,452	1,036	184,792	145,924	373,486	-	-	373,486
Depreciation	101,127	667,340	139,358	143,447	170,586	1,221,858	20,449	-	1,242,307
Professional Fees	-	91,565	-	354,524	9,599	455,688	100,492	34,381	590,561
Utilities	44,205	213,469	75,586	156,087	125,485	614,832	12,396	12,396	639,624
Furniture and Household Items	-	7,284	630	-	725,297	733,211	-	-	733,211
Miscellaneous Expenses	-	29,032	32,350	51,006	142,320	254,708	603	36,381	291,692
Maintenance and Repairs	17,440	76,860	40,573	76,393	32,247	243,513	29,829	-	273,342
Paper Products and Supplies	19,344	-	-	-	-	19,344	-	-	19,344
Operating and Medical Supplies	26,423	33,096	998	-	18,256	78,773	-	-	78,773
Small Equipment Purchases	67,948	46,546	41,339	17,674	14,857	188,364	36,289	255	224,908
Christmas and Thanksgiving Expenses	32,765	7,409	367	-	179,620	220,161	-	-	220,161
Housekeeping Supplies Expenses	29,474	45,172	10,438	148,386	28,023	261,493	5,148	-	266,641
Property Insurance	36,558	159,301	60,180	132,747	106,201	494,987	14,160	14,160	523,307
Office Supplies	31	4,326	429	2,685	2,811	10,282	14,258	-	24,540
Travel - Seminars and Education	6,079	6,539	2,721	9,486	5,233	30,058	6,841	847	37,746
Spending Allowance	-	20,420	2,248	-	1,687	24,355	-	-	24,355
Emergency Relief	-	10,073	1,863	-	12,733	24,669	-	-	24,669
Building Equipment Rental	9,440	48,678	7,969	570,782	15,125	651,994	12,336	-	664,330
Automobile Expenses	63,122	-	24,102	26,643	476	114,343	-	-	114,343
Dues, Subscriptions, and Fees	2,079	14,951	10,194	10,975	11,897	50,096	14,461	9,010	73,567
Taxes and Licenses	2,681	-	441	1,147	-	4,269	2,142	-	6,411
Bad Debt Expense	-	-	-	-	-	-	-	-	-
Financial Expenses	-	-	-	68,581	-	68,581	39,932	-	108,513
Overhead Allocated	-	-	-	(123,877)	-	(123,877)	-	-	(123,877)
<b>Total Expenses</b>	<b>953,287</b>	<b>4,405,873</b>	<b>932,564</b>	<b>3,998,962</b>	<b>3,951,671</b>	<b>14,242,357</b>	<b>872,409</b>	<b>1,654,202</b>	<b>16,768,968</b>
Less: Expenses Included with Revenues on the Statement of Activities and Changes in Net Assets	-	-	-	-	-	-	-	35,216	35,216
<b>Total Expenses Included in the Expense Section of the Statement of Activities and Changes in Net Assets</b>	<b>\$ 953,287</b>	<b>\$ 4,405,873</b>	<b>\$ 932,564</b>	<b>\$ 3,998,962</b>	<b>\$ 3,951,671</b>	<b>\$ 14,242,357</b>	<b>\$ 872,409</b>	<b>\$ 1,618,986</b>	<b>\$ 16,733,752</b>

See accompanying Notes to Financial Statements.



**CITY UNION MISSION, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 466,303	\$ 1,395,375
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,339,686	1,242,307
Unrealized (Gains) Losses on Investments - Net	284,513	(89,407)
Realized Gains on Investments - Net	(660,030)	(435,043)
Loss on Disposal of Assets	5,199	6,152
Contributions of Property and Equipment	(147,600)	-
Increase on Beneficial Interest	(1,841)	(20,468)
Change in Annuity Payable	543	(6,177)
Effects of Changes in Operating Assets and Liabilities:		
Pledges Receivable - Net	(68,791)	(4,657)
Accounts Receivable - Net	(2,594)	(3,689)
Prepaid Expenses	30,290	(23,471)
Inventories - Net	186,360	(347,855)
Accounts Payable	(112,519)	(50,988)
Accrued Liabilities	71,787	68,409
Net Cash Provided by Operating Activities	1,391,306	1,730,488
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(1,298,149)	(1,919,881)
Purchases of Investments and Beneficial Interest	(666,139)	(1,199,065)
Proceeds from Maturity of Investments	895,765	1,573,446
Proceeds from Beneficial Interest to Fund Operations	734	21,168
Distributions to Annuitants	(2,950)	(3,178)
Net Cash Used by Investing Activities	(1,070,739)	(1,527,510)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	320,567	202,978
Cash and Cash Equivalents - Beginning of Year	1,749,668	1,546,690
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,070,235	\$ 1,749,668
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES</b>		
Accounts Payable Related to Property and Equipment	\$ 80,000	\$ 98,033
Transfer from Beneficial Interest to Investments	\$ -	\$ 1,312,463

See accompanying Notes to Financial Statements.

**CITY UNION MISSION, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

City Union Mission, Inc. (the Mission) was formed in 1924 as a nonprofit mission in the state of Missouri. The Mission's principal activity is to provide a Christian ministry to men, women, and children who are destitute and homeless. The Mission provides food, clothing, shelter, education, counseling, and sharing of the gospel message to the people it serves. The donor base of the Mission consists primarily of residents and businesses in the greater Kansas City area.

The primary programs and activities of the Mission include:

**Warehouse**

This is the food warehouse and transportation department of the Mission. Purchased and donated food items are processed for distribution to programs throughout the Mission. The transportation department transports the items and clients around the Mission.

**Men's Ministry**

The Mission provides overnight shelter, housing, and meals to approximately 300 men each night. The Christian Life Program offers counseling and job skill training in a long-term live-in setting for up to 100 men at a time.

**Farm and Camp**

Located in the Ozark hills near Warsaw, Missouri, the Farm provides a place where men can get away from the pressure of Kansas City streets. Between 10 and 15 men live at Opportunity Farm year-round. There, simple living is characterized by bunkhouses, wood burning stoves, a comfortable lodge for fellowship and meals, and 600 acres for working, walking, and meditation. During the fall, winter, and spring months, the men maintain the farm and campgrounds, assisted by the professional skills of the staff.

Camp CUMCITO is a summer camp for children and youth who are poor and/or homeless. Each July, nearly 500 children, ages 4-16, spend a week at the camp located near Warsaw, Missouri.

**Thrift Stores**

The Mission operates three thrift stores that sell donated goods to support the Mission. The Mission's Christian Life Program clients work at the stores as part of their work therapy. The Mission also distributes clothing and household items to our clients through the thrift stores.

**Family and Youth Ministries**

The Family and Youth Center houses the emergency homeless shelter for overnight guests, including families and single women. The shelter can accommodate up to 114 clients. The Youth department ministers to school age youth in the community, provides shelter, and the long-term recovery program. Community assistance is provided through the Center which includes utility assistance, food, clothing, furniture, and school supplies. Clients can enter the 9 to 18 months New Life Program that teaches life and parenting skills, work therapy, and counseling. The New Life Program typically has 20 to 30 participants at a time. The Hotline for the Homeless operates out of the Family and Youth Center. Men, women, and families call the Hotline to find out which Kansas City shelters can provide temporary shelter for the night.

**CITY UNION MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

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

**Use of Estimates in Preparing Financial Statements**

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 revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Significant estimates incorporated into the Mission's financial statements include the timing and collectability of pledges receivable, the donation value of gifts-in-kind and the resulting carrying value of donated inventories, the estimated useful lives of depreciable assets, the factors included in determining the amounts payable for annuities, the valuation of inventory overhead and the allocation of costs for the functional allocation reports. Actual results could differ from those estimates.

**Basis of Presentation**

Financial statement presentation follows the recommendations of Financial Accounting Standards Board ASC 958-205, *Financial Statements of Not-for-profit Organizations*. Under ASC 958-205, the Mission is required to report information regarding its financial position and activities according to two classes of net assets. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions**

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

**Net Assets With Donor Restrictions**

Net assets subject to donor- (or certain grantor-) 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.

**Restricted Contributions**

All contributions are considered without donor restriction unless specifically restricted by the donor or by law. Amounts received, which are restricted by the donor for specific purposes, are reported as support with donor restriction and increase the with donor restriction net assets.

**CITY UNION MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pledges Receivable**

Contributions, including promises to give, are recorded when they become unconditional. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. Unconditional promises to give, due in the next year, are recorded at their stated amount. Unconditional promises to give that are expected to be collected beyond the next year are recorded at the present value of estimated future cash flows. The discount on those amounts is computed at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Management establishes an allowance for uncollectible pledges based upon both individual donor payment history and the Mission's historical pledge collectability averages.

**Donated Services**

The Mission recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of contributed time not meeting the criteria outlined above is not reflected in these statements. Unpaid volunteers have made significant contributions of their time to the Mission's program activities that have not, accordingly, been valued. Professional services, however, to the extent measurable, are included in income and expense when the services are provided.

**Gifts-in-Kind**

Gifts-in-kind consist of donated merchandise such as food, clothing, household items, medical supplies, and miscellaneous items used in the operation of the Mission's programs. All such gifts, except for clothing, household items, and other donations to the thrift stores, are recorded at their estimated fair value at the date of donation. Thrift store items are not considered to have value until they have been renovated and sold or used in Mission operations.

**Thrift Store Operations**

The Mission operates three community thrift stores that serve the underprivileged populations of Kansas City with renovated clothing and home furnishings that have been donated. A significant portion of the materials distributed by the stores are sold at a reduced cost as a part of the Mission's outreach program. Beginning in the 2012 fiscal year, the Mission has contracted with a professional management company to oversee and develop its thrift store operations, including providing day-to-day management of the stores and collection operations.

Thrift store revenue is recognized only upon the renovation and sale of a donated item, at the amount of the sale.

**CITY UNION MISSION, INC.  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventory**

Warehouse inventory consists of donated cleaning supplies, food, hygiene items, and other miscellaneous donated goods. The value of the inventory is determined by using the average price for similar categories of products at the end of the year.

Receiving Center inventory consists of donated used clothing, hard goods, furniture, and other miscellaneous donated goods. These items have little or no economic value to the Mission when first received and therefore are not recorded at the time of donation. The inventory is valued at cost, which is determined to be the sum of the applicable expenditures and charges directly or indirectly incurred in bringing an article to existing condition and location. Costs included in donated goods inventory include those incurred to collect, transport, and process donated items to place them for sale in the Mission's thrift stores, or to salvage and recycling dealers. The value of inventory does not include a value for the donated item itself.

**Cash and Cash Equivalents**

The Mission considers all liquid investments with a maturity of three months or less when purchased, which are available for general operations, to be cash equivalents. These investments, which are generally certificates of deposit and money market accounts, are recorded at cost. Cash equivalents that are restricted by either the donor or the board of directors (the Board) are included as investments. Certain cash equivalents are considered to be an integral part of the Mission's investment program and are, accordingly, recognized as a component of investments in the statements of financial position.

**Investments**

Investments include marketable equity securities, debt securities, money market funds, alternative investments, deferred annuity contracts, and other cash equivalents. Investments in marketable equity and debt securities are carried at fair value with unrealized and realized gains and losses reported as an increase or decrease in net assets with or without donor restrictions based upon donor-imposed restrictions. Money market funds and cash equivalents are carried at cost. Investment income is reported in the statement of activities as revenue with or without donor restrictions based upon donor-imposed restrictions.

**Property and Equipment**

Land, buildings, improvements, and equipment additions over \$500 are stated at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. The farm and camp (located near Warsaw, Missouri) were purchased in the 1930s and are reflected in the financial statements at an appraised value of \$500 per acre set in 1970, plus the cost of improvements added subsequent to the appraisal.

Property and equipment is depreciated on the straight-line basis over the estimated useful lives of the assets as follows:

Building and Improvements	5 to 40 Years
Equipment	3 to 10 Years

**CITY UNION MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Property and Equipment**

Donated property and equipment is recorded at fair value as of the date of donation. Fair value is estimated based on quoted market prices for similar materials.

**Impairment of Long-Lived Assets**

The Mission reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or their fair value less costs to sell.

**Charitable Gift Annuities**

The Mission is a party to a number of charitable gift annuity agreements. The gifted assets have been included in the Mission's investment portfolio and a liability has been recorded for the present value of estimated annuity payments due to the donors. The Mission has also been made the beneficiary of various annuity contracts. These are recorded in the financial statements at their estimated realizable value.

**Income Taxes**

The Mission is a nonprofit organization and exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. In addition, the Mission has been classified as a publicly supported organization which is not a private foundation within the meaning of Section 509(a)(1) of the code.

Although it is exempt from federal and state income taxes on its principal operations, the Mission is subject to federal income taxes on the net income from certain operations that generate unrelated business income. No such unrelated business income tax was incurred during 2019 or 2018. The Mission follows the standard for evaluating uncertain tax positions and has determined no liability should be recorded for uncertain tax positions.

**Functional Allocation of Expenses**

The costs of providing the Mission's various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited according to formulas developed by management to appropriately reflect actual costs and efforts believed to be expended on each program or supporting service.

**CITY UNION MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

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

**New Accounting Pronouncements Effective in Future Accounting Period**

On May 28, 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The guidance requires an entity to recognize revenue to depict the transfer of goods or services 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 guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The standard does not impact the recording of contributions. Since then, the FASB issued proposed ASU, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*. The amendments in this update defer the effective date of Update 2014-09 for all entities by one year, making the standard effective for fiscal year ending September 30, 2020. Management will be evaluating the effects of this new standard.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This update clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. ASU 2018-08 is effective for the fiscal year ending September 30, 2020. Management will be evaluating the effects of this new standard.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for the fiscal year ending September 30, 2022. Management will be evaluating the effects of this new standard.

**NOTE 2 CHANGES IN ACCOUNTING PRINCIPLE**

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958 – Presentation of Financial Statements for Not-for-Profit Entities)*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Mission has implemented ASU 2016-14 and has adjusted the presentation in these financial statements according. Net assets as of October 1, 2017 have been reclassified to conform with the requirements of ASU 2016-14, as follows:

**CITY UNION MISSION, INC.**  
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**NOTE 2 CHANGES IN ACCOUNTING PRINCIPLE (CONTINUED)**

	As Previously Presented	Reclassification	As Reclassified
Unrestricted	\$ 33,919,522	\$ (33,919,522)	\$ -
Temporarily Restricted	961,664	(961,664)	-
Permanently Restricted	1,261,531	(1,261,531)	-
Without Donor Restrictions	-	33,919,522	33,919,522
With Donor Restrictions	-	2,223,195	2,223,195
Total	<u>\$ 36,142,717</u>	<u>\$ -</u>	<u>\$ 36,142,717</u>

**NOTE 3 LIQUIDITY AND AVAILABILITY**

The Mission regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Mission has various sources of liquidity at its disposal, including cash and cash equivalents, investments, accounts receivable, and pledges receivable. In addition to financial assets available to meet general expenditures over the next 12 months, the Mission anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statements of cash flows which identify the sources and uses of the Mission's cash.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 2,070,235	\$ 1,749,668
Investments	15,961,041	15,815,150
Pledges Receivable - Net - Current Portion	198,139	104,348
Accounts Receivable - Net	6,283	3,689
Total Financial Assets	<u>18,235,698</u>	<u>17,672,855</u>
Contractual or Donor Imposed Restrictions:		
Cash Restricted to Specific Uses	(755,509)	(394,274)
Pledges Receivables	(25,000)	(30,000)
Donor Restricted Investments - Endowed	<u>(1,408,933)</u>	<u>(1,312,978)</u>
Total	(2,189,442)	(1,737,252)
Board-Designations:		
Cash and Investments - Reserve for Support of Future Operations	<u>(14,607,691)</u>	<u>(14,245,131)</u>
Total	<u>(14,607,691)</u>	<u>(14,245,131)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,438,565</u>	<u>\$ 1,690,472</u>

The endowment funds consists of a donor-restricted endowment. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.



**CITY UNION MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS**

In determining fair value, the Mission uses various valuation approaches within the ASC 820 fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, by requiring that the most observable inputs be used when available. ASC 820 defines levels within the hierarchy based on the reliability of inputs as follows:

*Level 1* – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; and

*Level 2* – Valuations based on quoted prices for similar assets or liabilities, or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* – Valuations derived from valuation techniques in which one or more significant inputs, or significant value drivers, are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

The following is a description of the valuation methodologies used for instruments measured at fair value and their classifications in the valuation hierarchy:

**Investments**

Securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 or Level 2 of the valuation hierarchy, as appropriate.

Deferred annuity contracts are included in investments. These annuity contracts are held by a third party and are valued at the stated surrender value. These investments are classified within Level 3 of the valuation hierarchy.

**Beneficial Interest in Community Foundation**

The Mission holds a beneficial interest in certain assets held by the National Christian Foundation. The invested funds are held in a community fund and are classified within Level 3 of the valuation hierarchy. The value of the Mission's interest in the Foundation is equal to the principal contributed by the Mission or on its behalf, plus the earnings allocated to it by the Foundation.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Mission believes its valuation methods are appropriate and consistent, 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.

**CITY UNION MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

Fair values of other assets and liabilities measured on a recurring basis, as of September 30, 2019 and 2018, are as follows:

	September 30, 2019			
	Fair Value	Level 1	Level 2	Level 3
Equity Investments:				
Domestic Equity	\$ 6,054,749	\$ 6,054,749	\$ -	\$ -
International	1,994,939	1,994,939	-	-
Fixed Income and Bond Investments:				
Diversified Taxable	6,002,499	6,002,499	-	-
Credit	382,139	382,139	-	-
High Yield	364,033	364,033	-	-
Domestic Preferred Stock	48,226	48,226	-	-
Emerging Markets	129,376	129,376	-	-
Alternative Investments:				
Hedge	703,543	703,543	-	-
Beneficial Interest in Community Foundations	94,439	-	-	94,439
Total Assets and Liabilities	<u>\$ 15,773,943</u>	<u>\$ 15,679,504</u>	<u>\$ -</u>	<u>\$ 94,439</u>

	September 30, 2018			
	Fair Value	Level 1	Level 2	Level 3
Equity Investments:				
Domestic Equity	\$ 5,819,256	\$ 5,819,256	\$ -	\$ -
International	1,836,319	1,836,319	-	-
Fixed Income and Bond Investments:				
Diversified Taxable	4,769,097	4,769,097	-	-
Credit	355,929	355,929	-	-
High Yield	364,871	364,871	-	-
Domestic Preferred Stock	47,712	47,712	-	-
Emerging Markets	125,419	125,419	-	-
U.S. Government Securities:				
Mortgage	181	-	181	-
Alternative Investments:				
Hedge	760,562	760,562	-	-
Infrastructure	217,483	217,483	-	-
Real Estate	113,867	113,867	-	-
Beneficial Interest in Community Foundations	93,332	-	-	93,332
Total Assets and Liabilities	<u>\$ 14,504,028</u>	<u>\$ 14,410,515</u>	<u>\$ 181</u>	<u>\$ 93,332</u>

The beneficial interest in community had no unfunded commitments, no restrictions on redemption frequency, and no redemption notice period at September 30, 2019 and 2018.

**CITY UNION MISSION, INC.  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following is a reconciliation of the beginning and ending balances of assets and liabilities measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended September 30, 2019 and 2018:

	Community Foundation
Balance - September 30, 2017	\$ 1,406,495
Appropriations	(21,168)
Transfer to Investments	(1,312,463)
Changes in Fair Market Value	20,468
Balance - September 30, 2018	93,332
Appropriations	(734)
Changes in Fair Market Value	1,841
Balance - September 30, 2019	<u>\$ 94,439</u>

**NOTE 5 PROPERTY AND EQUIPMENT**

The major classes of property and equipment are as follows:

	<u>2019</u>	<u>2018</u>
Land, Buildings, and Improvements:		
Warehouse	\$ 979,673	\$ 965,259
Men's Ministries	6,509,653	6,294,361
Farm, Camp, and Chapel	5,363,351	5,282,847
Thrift Stores	429,709	391,566
Family and Youth Ministries	4,858,548	4,752,818
Christian Life Building	8,288,462	8,024,980
Together Center	2,074,273	2,069,712
General and Administrative Buildings	1,844,978	1,621,401
Vacant Land	35,062	35,062
Equipment:		
Warehouse	581,943	425,368
Men's Ministries	337,642	279,048
Farm, Camp, and Chapel	580,643	430,309
Thrift Stores	882,290	859,110
Family and Youth Ministries	454,622	391,442
Christian Life Building	77,853	34,634
General and Administrative Buildings	315,579	457,909
Construction in Progress	<u>21,051</u>	<u>98,691</u>
Total Property and Equipment	33,635,332	32,414,517
Less: Accumulated Depreciation	<u>14,415,684</u>	<u>13,313,766</u>
Net Property and Equipment	<u>\$ 19,219,648</u>	<u>\$ 19,100,751</u>

Depreciation of \$1,339,686 and \$1,242,307 was recorded for the years ended September 30, 2019 and 2018, respectively.

**CITY UNION MISSION, INC.  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 6 GENERAL PLEDGES RECEIVABLE**

Pledges receivable contains the following components:

	2019	2018
Pledges - General	\$ 148,185	\$ 81,114
Foundation Receivables	25,000	55,000
Wills and Trusts Receivable	68,617	9,240
Total Pledges	<u>241,802</u>	<u>145,354</u>
Less: Allowance for Uncollectible Pledges	43,663	16,006
Net Pledges Receivable	<u>198,139</u>	<u>129,348</u>
Less: Pledges Receivable, Current Portion - Net	198,139	104,348
Long-Term Pledges Receivable - Net	<u>\$ -</u>	<u>\$ 25,000</u>

**NOTE 7 INVESTMENTS**

Investments at September 30, 2019 consisted of the following:

Description	Original Cost or Basis	Fair Market Value	Excess (Deficiency) of Market Over Cost
At Cost:			
Cash and Cash Equivalents	\$ 281,537	\$ 281,537	\$ -
At Fair Market Value:			
Equity Investments	7,152,666	8,049,688	897,022
Fixed Income and Bond Investments	6,743,971	6,926,273	182,302
Alternative Investments	688,173	703,543	15,370
Total	<u>\$ 14,866,347</u>	<u>\$ 15,961,041</u>	<u>\$ 1,094,694</u>

Investments at September 30, 2018 consisted of the following:

Description	Original Cost or Basis	Fair Market Value	Excess (Deficiency) of Market Over Cost
At Cost:			
Cash and Cash Equivalents	\$ 1,404,454	\$ 1,404,454	\$ -
At Fair Market Value:			
Equity Investments	6,048,752	7,655,575	1,606,823
Fixed Income and Bond Investments	5,848,691	5,663,209	(185,482)
Alternative Investments	1,134,046	1,091,912	(42,134)
Total	<u>\$ 14,435,943</u>	<u>\$ 15,815,150</u>	<u>\$ 1,379,207</u>

**CITY UNION MISSION, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

**NOTE 7 INVESTMENTS (CONTINUED)**

Investment returns for the years ended September 30, 2019 and 2018 consisted of the following:

	2019	2018
Investment Income	\$ 405,932	\$ 307,719
Net Realized Gains	660,030	435,043
Investment Fees	(41,682)	(38,555)
Total	1,024,280	704,207
Net Unrealized Gains (Losses)	(284,513)	89,407
Net Investment Returns	\$ 739,767	\$ 793,614

**NOTE 8 INVENTORIES**

Inventories consist of the following:

	2019	2018
Warehouse	\$ 428,258	\$ 614,820
Thrift Store	369,464	369,262
Total Inventories	\$ 797,722	\$ 984,082

**NOTE 9 BENEFICIAL INTEREST IN COMMUNITY FOUNDATION**

The Mission invested funds with the National Christian Foundation (the Foundation). The Mission has a total beneficial interest in the assets held by the Foundation of \$94,439 and \$93,332 at September 30, 2019 and 2018, respectively. The investment earnings are available to be distributed to the Mission, upon request, for approved uses. The Mission has granted the Foundation variance power which gives the Foundation's Board the power to use the funds for other purposes in certain circumstances.

As of September 30, 2019 and 2018, none of the invested funds are perpetually restricted by donor requirements as the portion of the account that was perpetually restricted was transferred to the Mission's investment account during the year ended September 30, 2018, where they are now being held in an endowment.

**NOTE 10 PLEDGES RECEIVABLE – TRUSTS**

The Mission has been notified that it is designated as a beneficiary of a number of trusts. The present value of irrevocable trust amounts are recognized as income and reflected as receivables according to when they are to be received. Those trusts that are revocable are not recognized within the accompanying financial statements due to their conditional nature.

**CITY UNION MISSION, INC.  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11 CHARITABLE GIFT ANNUITIES**

Gift annuities outstanding are recorded by the Mission using the actuarial method. Under this method, the present value of the aggregate liability for annuities payable is calculated based on life expectancy tables and interest assumptions commonly used by the industry. The actuarial adjustment recorded in the statement of activities reflects the gain or loss due to changes in the aggregate amount of annuities outstanding, and recomputation of the liability based on revised life expectancies. The gift annuity payable is \$12,244 and \$14,651, respectively, at September 30, 2019 and 2018. Net revenue (expense) relative to gift annuities is \$-0- and \$6,176, respectively, for the years ended September 30, 2019 and 2018.

The current and long-term portions of the annuity payable were as follows as of September 30:

	<u>2019</u>	<u>2018</u>
Current	\$ 2,950	\$ 2,950
Long Term	9,294	11,701

**NOTE 12 NET ASSETS WITHOUT DONOR RESTRICTIONS**

The board of directors (the Board) has, by resolution, designated that certain of the Mission's resources be restricted to use for only specified purposes. A custodial account has been established at Commerce Bank to manage the investment and cash accounts set aside for these designated purposes. Earnings on these funds are similarly designated. These funds require action by the Board prior to being available for use, and are designated for the following purposes:

	<u>2019</u>	<u>2018</u>
Board-Designated Net Assets:		
Reserve for Support of Future Operations	\$ 14,607,691	\$ 14,245,131
Thrift Store Payable to Trust Fund	474,776	482,687
Total Board-Designated Net Assets	<u>15,082,467</u>	<u>14,727,818</u>
General Operating	20,528,238	20,791,065
Total Net Assets Without Donor Restriction	<u>\$ 35,610,705</u>	<u>\$ 35,518,883</u>

**CITY UNION MISSION, INC.  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS**

The following table summarizes the net assets with donor restrictions at September 30:

Name	Restriction	2019	2018
<u>Purpose Restrictions:</u>			
Homeless Trust	Provide for Transportation Need of Clients	\$ -	\$ 4,550
School Supplies Fund	School Supplies for Needy Children	575	365
Staff Benevolent Fund	Staff Emergencies	7,731	8,219
Bikers Fund	Assistance to the Mission Program Families and Men	20,751	17,850
Klapmeyer Foundation	Mission Food Program	6,925	8,012
Cross Roads 5k Promo	Promotion of 5k Bike Run	640	640
Dental and Medical	Provide Medicine and Dental Care	1,627	2,357
SLE Program	Educational Training Program for Clients	6,974	18,702
Missouri Tax Credit Funds	Capital Projects	1,777	262,561
Building Fund	Capital Projects	579,855	108,189
Major Donor Grant Writer	Development Positions Strategic to Capacity-Building at the Mission	36,922	77,002
Miscellaneous	Various	226,551	104,452
Endowment Interest	Support Program Expenses	147,402	51,447
Beneficial Interest	Various	94,429	93,332
Total Purpose Restrictions		<u>1,132,159</u>	<u>757,678</u>
<u>Perpetual in Nature:</u>			
Vanderberg Ministry Endowment	Support Program Expenses	<u>1,261,531</u>	<u>1,261,531</u>
Total Net Assets with Donor Restrictions		<u>\$ 2,393,690</u>	<u>\$ 2,019,209</u>

**NOTE 14 ENDOWMENT**

The purpose of the Copeland Trust Endowment is to provide for an annual distribution of income to be used for the Mission's areas of greatest need each year. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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**NOTE 14 ENDOWMENT (CONTINUED)**

**Interpretation of Relevant Law**

The Board has interpreted Missouri's enactment of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. At September 30, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, the Mission retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA.

The remaining portion of the donor-restricted endowment fund not classified as perpetually restricted is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board. In accordance with UPMIFA, the Mission considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Mission and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Mission
7. The investment policies of the Mission

**Return Objectives and Risk Parameters**

The Mission has adopted investment objectives that are to maximize return within reasonable and prudent levels of risk; provide returns comparable to returns for similar investment options; provide exposure to a wide range of investment opportunities in various asset classes; and control administrative and management costs.

**Spending Policy**

The spending calculation is made annually and is authorized at the written direction of the Board. The appreciation for the investments held for future years is retained with the endowment earnings, and classified with net assets with donor restrictions.



**CITY UNION MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 14 ENDOWMENT (CONTINUED)**

Endowment net asset composition by type of fund as of September 30, 2019:

	Without Donor Restrictions	With Donor Restrictions		Total
		Endowment Earnings	Original Donor Restricted Gift Amount	
Donor Restricted Endowment Funds:				
Vanderberg Ministry Endowment	\$ -	\$ 147,402	\$ 1,261,531	\$ 1,408,933
Total Funds	<u>\$ -</u>	<u>\$ 147,402</u>	<u>\$ 1,261,531</u>	<u>\$ 1,408,933</u>

Changes in endowment net assets for the fiscal year ended June 30, 2019 :

	Without Donor Restrictions	With Donor Restrictions		Total
		Endowment Earnings	Original Donor Restricted Gift Amount	
Net Assets - Beginning of Year	\$ -	\$ 51,447	\$ 1,261,531	\$ 1,312,978
Investment Return:				
Investment Income	-	30,672	-	30,672
Net Depreciation	-	82,846	-	82,846
Investment Fees	-	(3,389)	-	(3,389)
Net	-	110,129	-	110,129
Appropriation of Endowment Assets for Expenditure	-	(14,174)	-	(14,174)
Net Assets - End of Year	<u>\$ -</u>	<u>\$ 147,402</u>	<u>\$ 1,261,531</u>	<u>\$ 1,408,933</u>

Endowment net asset composition by type of fund as of September 30, 2018:

	Without Donor Restrictions	With Donor Restrictions		Total
		Endowment Earnings	Original Donor Restricted Gift Amount	
Donor Restricted Endowment Funds:				
Vanderberg Ministry Endowment	\$ -	\$ 51,447	\$ 1,261,531	\$ 1,312,978
Total Funds	<u>\$ -</u>	<u>\$ 51,447</u>	<u>\$ 1,261,531</u>	<u>\$ 1,312,978</u>

**CITY UNION MISSION, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

**NOTE 14 ENDOWMENT (CONTINUED)**

Changes in endowment net assets for the fiscal year ended June 30, 2018 :

	Without Donor Restrictions	With Donor Restrictions		Total
		Endowment Earnings	Original Donor Restricted Gift Amount	
Net Assets - Beginning of Year	\$ -	\$ -	\$ -	\$ -
Investment Return:				
Investment Income	-	1,665	-	1,665
Net Depreciation	-	(1,150)	-	(1,150)
Net	-	515	-	515
Transfer from Beneficial Interest in Community Foundation	-	50,932	1,261,531	1,312,463
Net Assets - End of Year	<u>\$ -</u>	<u>\$ 51,447</u>	<u>\$ 1,261,531</u>	<u>\$ 1,312,978</u>

**NOTE 15 RETIREMENT PLAN**

The Mission provides a tax sheltered annuity plan for all employees who have attained the age of 21 and have completed one year of service. Eligible employees may elect to defer up to 25% of their wages, not to exceed annual limits established by the Internal Revenue Service. The Mission will match 75% of employee contributions, not to exceed 4% of employee wages. The employer contributions totaled \$80,077 for 2019 and \$77,177 for 2018.

**NOTE 16 LEASE COMMITMENTS**

The Mission has operating leases for three thrift store facilities with expiration dates ranging from December 31, 2022 to December 31, 2025. The leases provide for the following minimum annual lease payments for the years ended September 30:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 400,168
2021	409,168
2022	412,168
2023	378,923
2024	325,877
Thereafter	157,500
Total	<u>\$ 2,083,804</u>

Combined lease expense for these three locations was \$357,268 and \$335,228 for the years ended September 30, 2019 and 2018, respectively.

**CITY UNION MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 17 OTHER COMMITMENTS**

The Mission entered into an agreement with Thrift Management Specialists, LLC to provide management for the Mission's thrift store operations extending through November 30, 2017. The agreement was subsequently extended through August 31, 2022. This agreement may be extended upon mutual consent of the parties for one additional five-year term and will be automatically renewed for successive five-year terms. Management fees relating to this contract are paid monthly at a rate of 10% of gross sales, but only up to the net profit of the stores, and are calculated on a store-by-store basis. Management fees expense totaled \$346,524 and \$333,093 for the years ended September 30, 2019 and 2018, respectively.

From 2012 to 2014, the Mission was granted Affordable Housing Assistance Program (AHAP) tax credits from the Missouri Housing Development Commission. The tax credits are being used to seek contributions for the purchase of a support facility and warehouse, various projects for the Christian Life Center, the Family Center, the Community Assistance Center, to provide funding for the Mission's wastewater project at its Warsaw, Missouri Camp, and to construct a multi-purpose building at its Warsaw, Missouri Camp. The terms and conditions of the tax credit agreements require that property use restrictions govern the use of the properties for a period of 10 years. The resulting property use restriction agreements for the properties will expire between 2020 and 2024.

Construction in progress at September 30, 2019 includes an elevator project with an estimate remaining commitment between \$400,000 and \$500,000.

**NOTE 18 FEDERAL HOME LOAN GRANT**

Federal Home Loan Bank of Des Moines (FHLB), Community America Credit Union, and City Union Mission entered into an Affordable Housing Program Agreement, effective June 27, 2007. The total loan grant of \$500,000 was drawn down in 2008. This loan grant does not have an interest requirement or repayment terms, and will be forgiven in year 2023 if all FHLB conditions are met. Those requirements include: maintaining 100 units of low-income housing (75 units for persons at 50% or less of the area mean income and 25 units for persons at 60% or less of the area mean income). Management believes the probability of the Mission failing to meet these requirements to be remote. Accordingly, the loan grant was recognized as grant revenue when received. Management annually assesses its compliance with these requirements, and will record a liability for repayment of the \$500,000 grant at any point that the likelihood of being required to repay the grant is assessed to be more than remote.

Federal Home Loan Bank of Des Moines (FHLB), Community America Credit Union, and City Union Mission entered into an Affordable Housing Program Agreement effective November 11, 2009. This total grant was drawn down in 2009, and is similar in all respects to the 2007 agreement discussed above. This loan will be forgiven in 2025 if all FHLB conditions are met. In the event of noncompliance, the Mission will record a liability for repayment of \$468,000.

**CITY UNION MISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019 AND 2018**

**NOTE 18 FEDERAL HOME LOAN GRANT (CONTINUED)**

Federal Home Loan Bank of Des Moines (FHLB), Community America Credit Union, and City Union Mission entered into an affordable Housing Program Agreement, effective November 10, 2011. The total loan grant for \$456,687 was drawn down in 2012. This loan grant does not have an interest requirement or repayment terms, and will be forgiven in year 2027 if all FHLB conditions are met. Those requirements include maintaining an additional 48 units of low-income housing (all units for persons at 50% or less of the area mean income). Management believes the probability of the Mission failing to meet these requirements to be remote. Accordingly, the loan grant was recognized as revenue when received. Management will annually assess its compliance with these requirements, and will record a liability for repayment of the \$456,687 grant at any point that the likelihood of being required to repay the grant is assessed to be more than remote.

**NOTE 19 CONFLICT-OF-INTEREST POLICY**

It is the policy of the Mission that all officers, directors, and committee members shall avoid any conflict between their own individual interests and the interests of the Mission. The Mission has a conflict-of-interest policy whereby Board and committee members must advise the Board of any direct or indirect interest in any transaction or relationship with the Mission, and do not participate in discussions and decisions regarding any action affecting their individual, professional, or business interests.

**NOTE 20 FLUCTUATIONS IN INVESTMENT VALUES**

The Mission's investment portfolio is subject to significant fluctuations in value. Because the values of individual investments fluctuate with market conditions, the amount of investment gains or losses that the Mission will recognize in its future financial statements, if any, cannot be determined.

**NOTE 21 CONCENTRATIONS OF CREDIT RISK**

The Mission maintains cash in local banks located in the United States. The balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. There were approximately \$1,756,000 of collected balances in excess of FDIC limits at September 30, 2019.

**NOTE 22 SUBSEQUENT EVENTS**

Management evaluated subsequent events through January 20, 2020, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2019, but prior to January 20, 2020, that provided additional evidence about conditions that existed at September 30, 2019, have been recognized in the financial statements for the year ended September 30, 2019.

**CITY UNION MISSION, INC.**  
**SCHEDULE OF CONTRIBUTED SERVICES AND GIFTS-IN-KIND**  
**YEAR ENDED SEPTEMBER 30, 2019**  
**WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Warehouse	Men's Ministry	Farm and Camp	Family and Youth Ministries	Facilities	General and Administrative	Fundraising	2019	2018
Clothing	\$ -	\$ 23,196	\$ 1,767	\$ 227,451	\$ -	\$ -	\$ -	\$ 252,414	\$ 170,743
Food	-	1,328,437	5,498	48,658	-	-	-	1,382,593	921,093
Donated Meals Prepared	-	61,747	-	58,190	-	-	1,150	121,087	254,242
Paper Products	51,656	-	-	-	-	-	-	51,656	19,344
Professional Services	-	60,033	10,555	750	-	36,508	18,477	126,323	148,885
Supplies	37,384	6,339	-	12,632	-	1,562	5,697	63,614	62,474
Miscellaneous	1,482	2,080	7,042	120,393	9,657	2,378	44,547	187,579	178,609
Radio Air Time	-	-	-	-	-	-	150,040	150,040	148,245
Public Education	-	-	-	-	-	-	42,561	42,561	7,639
Furniture and Household Items	199,493	21,786	3,224	461,305	-	-	-	685,808	733,211
Christmas/Thanksgiving Baskets	-	200	365	97,639	-	-	-	98,204	132,800
School Supplies	-	-	-	460	-	-	-	460	240
Equipment	27,383	450	88,550	-	17,034	29,627	-	163,044	397,541
Maintenance	-	556	3,341	-	1,500	-	-	5,397	12,518
<b>Total</b>	<b>\$ 317,398</b>	<b>\$ 1,504,824</b>	<b>\$ 120,342</b>	<b>\$ 1,027,478</b>	<b>\$ 28,191</b>	<b>\$ 70,075</b>	<b>\$ 262,472</b>	<b>\$ 3,330,780</b>	<b>\$ 3,187,584</b>

Nonprofessional Volunteer Time - A substantial number of nonprofessional volunteers donate time to the Mission. These volunteers are responsible for documenting their time with the Mission. This time, which management estimates to be approximately 94,788 hours in 2019 and 98,363 hours in 2018, was not recognized in the financial statements because it did not meet the criteria for recognition under ASC 958-605-25-16.

**CITY UNION MISSION, INC.**  
**SCHEDULES OF CONTRIBUTIONS**  
**YEARS ENDED SEPTEMBER 30, 2019 AND 2018**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>2019</u>	<u>2018</u>
Individuals	\$ 5,737,433	\$ 5,719,187
Bequests, Gifts, and Annuities	509,903	1,104,818
Churches/Civic Groups	263,627	257,452
Business Support	555,447	591,497
Matching Gifts	30,243	45,929
Other Restricted Gifts (Consists Primarily of Contributions from Individuals)	718,536	56,171
Foundations	2,077,804	1,920,113
Bikers	20,575	11,721
Klapmeyer Grocery	6,467	7,897
Total Contributions	<u>\$ 9,920,035</u>	<u>\$ 9,714,785</u>

**Reconciliation to Statements of Activities and Changes in Net Assets:**

Contributions	\$ 9,713,680	\$ 9,233,618
Special Events	206,355	481,167
Total Contributions	<u>\$ 9,920,035</u>	<u>\$ 9,714,785</u>

