

CITY UNION MISSION, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED SEPTEMBER 30, 2020 AND 2019



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**CITY UNION MISSION, INC.
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YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

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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, 2020 and 2019, 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 in the first paragraph present fairly, in all material respects the financial position of City Union Mission, Inc. as of September 30, 2020 and 2019, 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. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and The Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to the matter.

Emphasis-of-Matter Regarding a Correction of an Error

As discussed in Note 25 to the financial statements, certain errors resulting in understatements of inventories, contributed services and gifts-in-kind, and cost of sales as of September 30, 2019, were discovered during the current year. Accordingly, amounts reported for inventories, contributed services and gifts-in-kind, and cost of sales have been restated in the 2019 financial statements now presented, and an adjustment has been made to net assets as of September 30, 2019, to correct the error. 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

St. Joseph, Missouri
March 12, 2021

CITY UNION MISSION, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	2020			2019 - As Restated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 3,653,877	\$ 224,850	\$ 3,878,727	\$ 1,314,726	\$ 755,509	\$ 2,070,235
Pledges Receivable - Net	61,750	25,000	86,750	173,139	25,000	198,139
Accounts Receivable	5,727	-	5,727	6,283	-	6,283
Due from (to) Other Funds	(214,814)	214,814	-	(109,809)	109,809	-
Prepaid Expenses	143,856	-	143,856	273,824	-	273,824
Inventories, Net	1,218,330	-	1,218,330	1,287,143	-	1,287,143
Total Current Assets	<u>4,868,726</u>	<u>464,664</u>	<u>5,333,390</u>	<u>2,945,306</u>	<u>890,318</u>	<u>3,835,624</u>
BENEFICIAL INTEREST IN COMMUNITY FOUNDATIONS	-	85,681	85,681	-	94,439	94,439
INVESTMENTS	15,709,034	1,521,815	17,230,849	14,552,108	1,408,933	15,961,041
PROPERTY AND EQUIPMENT - NET	23,152,759	-	23,152,759	19,219,648	-	19,219,648
OTHER ASSETS						
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>-</u>	<u>4,500</u>
Total Assets	<u>\$ 43,735,019</u>	<u>\$ 2,072,160</u>	<u>\$ 45,807,179</u>	<u>\$ 36,721,562</u>	<u>\$ 2,393,690</u>	<u>\$ 39,115,252</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	\$ 179,388	\$ -	\$ 179,388	\$ 163,348	\$ -	\$ 163,348
Accrued Liabilities	451,144	-	451,144	445,844	-	445,844
Current Portion of Charitable Gift Annuities	2,950	-	2,950	2,950	-	2,950
Current portion of Note Payable	726,853	-	726,853	-	-	-
Total Current Liabilities	<u>1,360,335</u>	<u>-</u>	<u>1,360,335</u>	<u>612,142</u>	<u>-</u>	<u>612,142</u>
LONG-TERM LIABILITIES						
Charitable Gift Annuities	6,344	-	6,344	9,294	-	9,294
Note Payable, Less Current Portion	469,647	-	469,647	-	-	-
Total Long-term Liabilities	<u>475,991</u>	<u>-</u>	<u>475,991</u>	<u>9,294</u>	<u>-</u>	<u>9,294</u>
Total Liabilities	1,836,326	-	1,836,326	621,436	-	621,436
NET ASSETS						
Without Donor Restrictions:						
General Operating	25,727,657	-	25,727,657	21,017,659	-	21,017,659
Board-Designated	16,171,036	-	16,171,036	15,082,467	-	15,082,467
With Donor Restrictions:						
Purpose Restrictions	-	810,629	810,629	-	1,132,159	1,132,159
Perpetual in Nature	-	1,261,531	1,261,531	-	1,261,531	1,261,531
Total Net Assets	<u>41,898,693</u>	<u>2,072,160</u>	<u>43,970,853</u>	<u>36,100,126</u>	<u>2,393,690</u>	<u>38,493,816</u>
Total Liabilities and Net Assets	<u>\$ 43,735,019</u>	<u>\$ 2,072,160</u>	<u>\$ 45,807,179</u>	<u>\$ 36,721,562</u>	<u>\$ 2,393,690</u>	<u>\$ 39,115,252</u>

See accompanying Notes to Financial Statements.

CITY UNION MISSION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020			2019 - As Restated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, LOSSES, AND OTHER SUPPORT						
Contributions	\$ 10,873,358	\$ 217,288	\$ 11,090,646	\$ 8,615,950	\$ 1,097,730	\$ 9,713,680
Contributed Services and Gifts-in-Kind	11,127,468	-	11,127,468	7,901,803	-	7,901,803
Receiving Center Sales	4,503,150	-	4,503,150	4,640,352	-	4,640,352
Special Events	22,716	-	22,716	206,355	-	206,355
Cost of Special Events	(7,419)	-	(7,419)	(67,693)	-	(67,693)
Vending Revenue	20,861	-	20,861	31,255	-	31,255
Miscellaneous Income	75,550	1,592	77,142	87,404	2,243	89,647
Investment Income - Net	278,408	25,870	304,278	996,997	27,283	1,024,280
Beneficial Interest in Community Foundations	6,401	594	6,995	-	1,841	1,841
Camp Rental and Fees	39,791	-	39,791	62,917	-	62,917
Dormitory Fees	11,592	-	11,592	14,969	-	14,969
Loss on Disposal of Assets	-	-	-	(5,199)	-	(5,199)
Satisfaction of Purpose Restrictions	653,886	(653,886)	-	837,462	(837,462)	-
Total Revenue, Gains, Losses, and Other Support	27,605,762	(408,542)	27,197,220	23,322,572	291,635	23,614,207
EXPENSES						
Program Services	19,331,263	-	19,331,263	20,175,490	-	20,175,490
General and Administrative	1,370,232	-	1,370,232	946,412	-	946,412
Fundraising	1,806,317	-	1,806,317	1,723,159	-	1,723,159
Total Expenses	22,507,812	-	22,507,812	22,845,061	-	22,845,061
OTHER REVENUES (EXPENSES)						
Unrealized Gains (Losses) on Investments - Net	700,617	87,012	787,629	(367,359)	82,846	(284,513)
CHANGES IN NET ASSETS	5,798,567	(321,530)	5,477,037	110,152	374,481	484,633
Net Assets - Beginning of Year, as Restated	36,100,126	2,393,690	38,493,816	35,989,974	2,019,209	38,009,183
NET ASSETS - END OF YEAR	<u>\$ 41,898,693</u>	<u>\$ 2,072,160</u>	<u>\$ 43,970,853</u>	<u>\$ 36,100,126</u>	<u>\$ 2,393,690</u>	<u>\$ 38,493,816</u>

See accompanying Notes to Financial Statements.

CITY UNION MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020

	Warehouse	Men's Ministry	Farm and Camp	Thrift Stores	Family and Youth Ministries	Total Program	General and Administrative	Fundraising	Total
EXPENSES									
Salaries and Payroll Taxes	\$ 447,133	\$ 2,146,243	\$ 357,707	\$ 1,572,850	\$ 1,538,465	\$ 6,062,398	\$ 569,248	\$ 516,273	\$ 7,147,919
Fringe Benefits	111,622	535,784	89,297	9,852	379,513	1,126,068	117,190	130,524	1,373,782
Contract Services	-	40,797	-	-	24,917	65,714	38,501	51,236	155,451
Groceries	-	1,462,145	15,933	-	60,720	1,538,798	77	-	1,538,875
Promos, Publications, and Postage	-	-	78	33,522	-	33,600	35,485	970,185	1,039,270
Clothing	16,813	13,219	3,938	192,667	143,008	369,645	-	-	369,645
Depreciation	144,972	803,752	213,772	131,178	179,955	1,473,629	58,553	-	1,532,182
Professional Fees	98,250	22,050	430	385,045	118,580	624,355	245,411	4,610	874,376
Utilities	38,791	215,228	86,015	104,879	117,645	562,558	11,640	11,640	585,838
Furniture and Household Items	-	8,129	1,848	-	233,178	243,155	-	-	243,155
Miscellaneous Expenses	11	17,219	15,555	60,230	108,301	201,316	7,956	95,782	305,054
Maintenance and Repairs	10,331	101,409	32,667	67,709	28,740	240,856	51,059	-	291,915
Paper Products and Supplies	47,856	-	-	-	-	47,856	-	-	47,856
Operating and Medical Supplies	31,838	17,172	77	-	17,140	66,227	-	-	66,227
Small Equipment Purchases	39,675	52,667	32,396	5,539	26,123	156,400	94,079	2,379	252,858
Christmas and Thanksgiving Expenses	29,701	5,232	712	-	114,394	150,039	-	-	150,039
Housekeeping Supplies Expenses	20,333	43,646	8,251	102,555	32,123	206,908	6,110	-	213,018
Property Insurance	6,017	171,017	64,623	108,870	114,011	464,538	15,202	15,201	494,941
Office Supplies	23	3,992	605	693	2,276	7,589	19,095	-	26,684
Travel - Seminars and Education	3,616	6,075	3,065	8,630	6,754	28,140	13,465	2,445	44,050
Spending Allowance	-	22,863	3,251	-	1,400	27,514	-	-	27,514
Emergency Relief	-	10,526	1,254	-	13,792	25,572	-	-	25,572
Building Equipment Rental	11,849	44,954	3,758	721,674	18,169	800,404	7,518	-	807,922
Automobile Expenses	83,572	-	12,976	10,377	120	107,045	-	-	107,045
Dues, Subscriptions, and Fees	2,119	19,035	13,668	9,328	18,044	62,194	22,855	13,461	98,510
Taxes and Licenses	2,348	-	626	-	-	2,974	3,754	-	6,728
Financial Expenses	-	-	-	83,467	-	83,467	53,034	-	136,501
Cost of Sales	-	-	-	4,552,304	-	4,552,304	-	-	4,552,304
Total Expenses	<u>1,146,870</u>	<u>5,763,154</u>	<u>962,502</u>	<u>8,161,369</u>	<u>3,297,368</u>	<u>19,331,263</u>	<u>1,370,232</u>	<u>1,813,736</u>	<u>22,515,231</u>
Less: Expenses Included with Revenues on the Statement of Activities and Changes in Net Assets	-	-	-	-	-	-	-	7,419	7,419
Total Expenses Included in the Expense Section of the Statement of Activities and Changes in Net Assets	<u>\$ 1,146,870</u>	<u>\$ 5,763,154</u>	<u>\$ 962,502</u>	<u>\$ 8,161,369</u>	<u>\$ 3,297,368</u>	<u>\$ 19,331,263</u>	<u>\$ 1,370,232</u>	<u>\$ 1,806,317</u>	<u>\$ 22,507,812</u>

See accompanying Notes to Financial Statements.

CITY UNION MISSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019 – AS RESTATED

	Warehouse	Men's Ministry	Farm and Camp	Thrift Stores	Family and Youth Ministries	Total Program	General and Administrative	Fundraising	Total
EXPENSES									
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
Cost of Sales	-	-	-	4,552,491	-	4,552,491	-	-	4,552,491
Total Expenses	1,280,747	5,582,614	936,722	8,883,670	3,491,737	20,175,490	946,412	1,790,852	22,912,754
Less: Expenses Included with Revenues on the Statement of Activities and Changes in Net Assets	-	-	-	-	-	-	-	67,693	67,693
Total Expenses Included in the Expense Section of the Statement of Activities and Changes in Net Assets	\$ 1,280,747	\$ 5,582,614	\$ 936,722	\$ 8,883,670	\$ 3,491,737	\$ 20,175,490	\$ 946,412	\$ 1,723,159	\$ 22,845,061

See accompanying Notes to Financial Statements.

CITY UNION MISSION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019 - As Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 5,477,037	\$ 484,633
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,532,182	1,339,686
Unrealized (Gains) Losses on Investments - Net	(787,629)	284,513
Realized Gains on Investments - Net	(730)	(660,030)
Loss on Disposal of Assets	-	5,199
Contributions of Property and Equipment	(3,990,000)	(147,600)
Increase on Beneficial Interest	(594)	(1,841)
Change in Annuity Payable	-	543
Effects of Changes in Operating Assets and Liabilities:		
Pledges Receivable - Net	111,389	(68,791)
Accounts Receivable - Net	556	(2,594)
Prepaid Expenses	129,968	30,290
Inventories - Net	68,813	168,030
Accounts Payable	(24,495)	(112,519)
Accrued Liabilities	5,300	71,787
Net Cash Provided by Operating Activities	2,521,797	1,391,306
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(1,434,568)	(1,298,149)
Purchases of Investments and Beneficial Interest	(1,033,034)	(666,139)
Proceeds from Maturity of Investments	551,585	895,765
Proceeds from Beneficial Interest to Fund Operations	9,352	734
Distributions to Annuitants	(2,950)	(2,950)
Net Cash Used by Investing Activities	(1,909,805)	(1,070,739)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	1,196,500	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,808,492	320,567
Cash and Cash Equivalents - Beginning of Year	2,070,235	1,749,668
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,878,727	\$ 2,070,235
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES		
Accounts Payable Related to Property and Equipment	\$ 40,535	\$ 80,000

See accompanying Notes to Financial Statements.

CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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 four 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 Center department ministers to school age youth in the community, provides shelter, and the long-term recovery program. Community assistance is provided through the Youth 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, 2020 AND 2019

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.

Revenue Recognition

Revenue is recognized when earned. Exchange transaction revenue from program services are recognized proportionately to when the service is provided, thus monies received before the program begins are classified as deferred revenue.

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
SEPTEMBER 30, 2020 AND 2019

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 are recorded at their estimated fair value at the date of donation.

Thrift Store Operations

The Mission operates four 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.

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.

CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory (Continued)

Receiving Center inventory consists of donated used clothing, hard goods, furniture, and other miscellaneous donated goods. The inventory is valued at fair value at the date of donation plus additional capitalized costs. The additional capitalized costs are 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 Mission uses a computational approximation method to calculate the value of inventory at year end based on the subsequent sales of goods and an estimated turnover ratio. It has been determined that the results of this method are not materially different from the results of a detailed measurement of the fair value of contributed inventory.

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
SEPTEMBER 30, 2020 AND 2019

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 assets.

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 (IRC). 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 IRC.

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 2020 or 2019. The Mission follows the standard for evaluating uncertain tax positions and has determined no liability should be recorded for uncertain tax positions.

CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the Mission's various programs and activities have been summarized on a functional basis in the statements 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.

New Accounting Pronouncements Effective in Future Accounting Period

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, 2023. Management will be evaluating the effects of this new standard.

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This update enhances the presentation and disclosures surrounding contributed nonfinancial assets. ASU 2020-07 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

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Mission's financial statements reflect the application of ASC 606 guidance beginning in July 1, 2019. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Mission's reported historical revenue.

In 2019, the Mission adopted Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This update clarified and improved guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. There is no material impact on the financial statements, as such, there have been no related reclassifications on previously presented change in net assets or total net assets.

**CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

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>2020</u>	<u>2019</u>
Cash	\$ 3,878,727	\$ 2,070,235
Investments	17,230,849	15,961,041
Pledges Receivable - Net - Current Portion	86,750	198,139
Accounts Receivable - Net	5,727	6,283
Total Financial Assets	<u>21,202,053</u>	<u>18,235,698</u>
Contractual or Donor Imposed Restrictions:		
Cash Restricted to Specific Uses	(224,850)	(755,509)
Pledges Receivables	(25,000)	(25,000)
Donor Restricted Investments - Endowed	(1,521,815)	(1,408,933)
Total	<u>(1,771,665)</u>	<u>(2,189,442)</u>
Board Designations:		
Cash and Investments - Reserve for Support of Future Operations	<u>(15,704,171)</u>	<u>(14,607,691)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 3,726,217</u>	<u>\$ 1,438,565</u>

The endowment funds consist 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.

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.

CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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.

Beneficial Interest in Community Foundation

The Mission holds a beneficial interest in certain assets held by the National Christian Foundation (the 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, 2020 AND 2019**

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	September 30, 2020			
	Fair Value	Level 1	Level 2	Level 3
Equity Investments:				
Domestic Equity	\$ 7,343,434	\$ 7,343,434	\$ -	\$ -
International	1,793,572	1,793,572	-	-
Fixed Income and Bond Investments:				
Diversified Taxable	6,324,187	6,324,187	-	-
Credit	403,032	403,032	-	-
Domestic Preferred Stock	46,838	46,838	-	-
Emerging Markets	126,435	126,435	-	-
Alternative Investments:				
Hedge	723,092	723,092	-	-
Beneficial Interest in Community Foundations	85,681	-	-	85,681
Total Assets and Liabilities	<u>\$ 16,846,271</u>	<u>\$ 16,760,590</u>	<u>\$ -</u>	<u>\$ 85,681</u>

	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>

The beneficial interest in community had no unfunded commitments, no restrictions on redemption frequency, and no redemption notice period at September 30, 2020 and 2019.

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:

	Community Foundation
Balance - September 30, 2018	\$ 93,332
Appropriations	(734)
Changes in Fair Market Value	1,841
Balance - September 30, 2019	94,439
Appropriations	(9,352)
Changes in Fair Market Value	594
Balance - September 30, 2020	<u>\$ 85,681</u>

**CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 5 PROPERTY AND EQUIPMENT

The major classes of property and equipment are as follows:

	2020	2019
Land, Buildings, and Improvements:		
Warehouse	\$ 984,470	\$ 979,673
Men's Ministries	6,643,506	6,509,653
Farm, Camp, and Chapel	9,477,708	5,363,351
Thrift Stores	482,261	429,709
Family and Youth Ministries	4,918,981	4,858,548
Christian Life Building	8,319,098	8,288,462
Together Center	2,076,542	2,074,273
General and Administrative Buildings	1,878,485	1,844,978
Vacant Land	35,062	35,062
Equipment:		
Warehouse	577,326	581,943
Men's Ministries	331,099	337,642
Farm, Camp, and Chapel	643,793	580,643
Thrift Stores	888,085	882,290
Family and Youth Ministries	460,897	454,622
Christian Life Building	87,803	77,853
General and Administrative Buildings	738,838	315,579
Total Equipment	3,727,841	3,230,572
Construction in Progress	492,021	21,051
Total Property and Equipment	39,035,975	33,635,332
Less: Accumulated Depreciation	15,883,216	14,415,684
Net Property and Equipment	\$ 23,152,759	\$ 19,219,648

Depreciation of \$1,532,182 and \$1,339,686 was recorded for the years ended September 30, 2020 and 2019, respectively.

NOTE 6 GENERAL PLEDGES RECEIVABLE

Pledges receivable contains the following components:

	2020	2019
Pledges - General	\$ 75,001	\$ 148,185
Foundation Receivables	25,000	25,000
Wills and Trusts Receivable	5,435	68,617
Total Pledges	105,436	241,802
Less: Allowance for Uncollectible Pledges	18,686	43,663
Net Pledges Receivable	86,750	198,139
Less: Pledges Receivable, Current Portion - Net	86,750	198,139
Long-Term Pledges Receivable - Net	\$ -	\$ -

CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 7 INVESTMENTS

Investments at September 30, 2020 consisted of the following:

Description	Original Cost or Basis	Fair Market Value	Excess (Deficiency) of Market Over Cost
At Cost:			
Cash and Cash Equivalents	\$ 470,259	\$ 470,259	\$ -
At Fair Market Value:			
Equity Investments	7,703,500	9,137,006	1,433,506
Fixed Income and Bond Investments	6,486,594	6,900,492	413,898
Alternative Investments	688,173	723,092	34,919
Total	<u>\$ 15,348,526</u>	<u>\$ 17,230,849</u>	<u>\$ 1,882,323</u>

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>

Investment returns consisted of the following for the years ended September 30:

	2020	2019
Investment Income	\$ 346,342	\$ 405,932
Net Realized Gains	730	660,030
Investment Fees	(42,794)	(41,682)
Total	<u>304,278</u>	<u>1,024,280</u>
Net Unrealized Gains (Losses)	787,629	(284,513)
Net Investment Returns	<u>\$ 1,091,907</u>	<u>\$ 739,767</u>

**CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 8 INVENTORIES

Inventories consist of the following at September 30:

	2020	2019 - As Restated
Warehouse	\$ 324,499	\$ 428,258
Thrift Store	893,831	858,885
Total Inventories	\$ 1,218,330	\$ 1,287,143

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 \$85,681 and \$94,439 at September 30, 2020 and 2019, 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, 2020 and 2019, 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, 2019, 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. Additionally, these amounts cannot be readily estimated by management due to the lack of support obtained from donors.

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 statements 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 \$9,294 and \$12,244, respectively, at September 30, 2020 and 2019. Net revenue (expense) relative to gift annuities is \$-0- for each of the years ended September 30, 2020 and 2019.

**CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 11 CHARITABLE GIFT ANNUITIES (CONTINUED)

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

	<u>2020</u>	<u>2019</u>
Current	\$ 2,950	\$ 2,950
Long-Term	6,344	9,294
Total	<u>\$ 9,294</u>	<u>\$ 12,244</u>

NOTE 12 NET ASSETS WITHOUT DONOR RESTRICTIONS

The board of directors 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>2020</u>	<u>2019</u>
Board-Designated Net Assets:		
Reserve for Support of Future Operations	\$ 15,704,171	\$ 14,607,691
Thrift Store Payable to Trust Fund	466,865	474,776
Total Board-Designated Net Assets	<u>16,171,036</u>	<u>15,082,467</u>
General Operating	<u>25,727,657</u>	<u>21,017,659</u>
Total Net Assets Without Donor Restriction	<u>\$ 41,898,693</u>	<u>\$ 36,100,126</u>

**CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

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

Name	Restriction	2020	2019
<u>Purpose Restrictions:</u>			
Bike Promotion Fund	Promotion of Bike Run	\$ 325	\$ -
School Supplies Fund	School Supplies for Needy Children	2,974	575
Staff Benevolent Fund	Staff Emergencies	6,929	7,731
Bikers Fund	Assistance to the Mission Program		
	Families and Men	30,359	20,751
Klapmeyer Foundation	Mission Food Program	14,536	6,925
Cross Roads 5k Promo	Promotion of 5k Bike Run	640	640
Dental and Medical	Provide Medicine and Dental Care	1,503	1,627
SLE Program	Educational Training Program		
	for Clients	25,843	6,974
Missouri Tax Credit Funds	Capital Projects	-	1,777
Building Fund	Capital Projects	249,310	579,855
Major Donor Grant Writer	Development Positions Strategic to		
	Capacity-Building at the Mission	2,923	36,922
Miscellaneous	Various	89,322	226,551
Endowment Interest	Support Program Expenses	260,284	147,402
Beneficial Interest	Various	85,681	94,429
Car Ministry	Provide Vehicles for Program Graduates	40,000	-
Total Purpose Restrictions		<u>810,629</u>	<u>1,132,159</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>\$ 2,072,160</u>	<u>\$ 2,393,690</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.

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, 2020 and 2019, there were no such donor stipulations.

**CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 14 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

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.

Endowment net asset composition by type of fund as of September 30, 2020:

	Without Donor Restrictions	With Donor Restrictions		Total
		Endowment Earnings	Original Donor Restricted Gift Amount	
Donor Restricted Endowment Funds:				
Vanderberg Ministry Endowment	\$ -	\$ 260,284	\$ 1,261,531	\$ 1,521,815
Total Funds	<u>\$ -</u>	<u>\$ 260,284</u>	<u>\$ 1,261,531</u>	<u>\$ 1,521,815</u>

**CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 14 ENDOWMENT (CONTINUED)

Spending Policy (Continued)

Changes in endowment net assets for the fiscal year ended June 30, 2020 :

	Without Donor Restrictions	With Donor Restrictions		Total
		Endowment Earnings	Original Donor Restricted Gift Amount	
Net Assets - Beginning of Year	\$ -	\$ 147,402	\$ 1,261,531	\$ 1,408,933
Investment Return:				
Investment Income	-	29,693	-	29,693
Net Appreciation	-	87,012	-	87,012
Investment Fees	-	(3,823)	-	(3,823)
Net	-	112,882	-	112,882
Appropriation of Endowment				
Assets for Expenditure	-	-	-	-
Net Assets - End of Year	<u>\$ -</u>	<u>\$ 260,284</u>	<u>\$ 1,261,531</u>	<u>\$ 1,521,815</u>

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 Appreciation	-	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>

**CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

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 \$76,445 for 2020 and \$80,077 for 2019.

NOTE 16 LONG-TERM DEBT

In April 2020, the Mission was granted a Paycheck Protection Program (the PPP Loan) note through the Small Business Administration (SBA) established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) signed into federal law on April 23, 2020, facilitated through Commerce Bank, totaling \$1,196,500 to fund payroll, rent, utilities and interest on mortgages and existing debt. The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months, deferred for six months. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Mission fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Mission will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and the principal amount is required to be paid at maturity.

Schedule maturities of long-term debt are as follows as of September 30, 2020:

<u>Year Ending September, 30</u>	<u>Amount</u>
2021	\$ 726,853
2022	469,647
Total	<u>\$ 1,196,500</u>

NOTE 17 RECEIVING CENTER SALES

Receiving center sales for the Mission are primarily through the sales of donated furniture, clothing, and other household items. Merchandise sales are recorded as revenues at a point in time (upon transfer of goods to the purchaser), with a very limited right of return. Returns are discretionary and limited to an exchange in a seven-day period from the date of the original purchase. Cash refunds are not offered. Deferred revenue and accounts receivable are not accrued as the execution of the sale happens on the same day as the cash collection.

CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 18 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>
2021	\$ 409,168
2022	412,168
2023	378,923
2024	325,877
2025	126,000
Thereafter	31,500
Total	<u>\$ 1,683,636</u>

Combined lease expense for these three locations was \$400,168 for the years ended September 30, 2020 and 2019, respectively.

NOTE 19 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 \$385,045 and \$346,524 for the years ended September 30, 2020 and 2019, 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 2021 and 2024.

CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 20 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.

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 21 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.

CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 22 ECONOMIC RISKS

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.

During fiscal year 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, business operations, and communities. Specific to the Mission, COVID-19 may impact various parts of its fiscal year 2021 operations and financial results, including a negative impact on earnings. Management believes the Mission is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing subsequent to year-end.

NOTE 23 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 \$1,677,545 of collected balances in excess of FDIC limits at September 30, 2020.

NOTE 24 SUBSEQUENT EVENTS

Management evaluated subsequent events through March 12, 2021, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2020, but prior to March 12, 2021, that provided additional evidence about conditions that existed at September 30, 2020, have been recognized in the financial statements for the year ended September 30, 2020.

**CITY UNION MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 25 RESTATEMENT

Previously, inventories, gifts in kind revenues and cost of sales for thrift operations did not include a value for the donated goods held for resale. The September 30, 2019 financial statements have been restated to include the donated goods held for resale in thrift operations at fair value.

	<u>As Previously Stated</u>	<u>Restatement</u>	<u>As Restated</u>
As of September 30, 2019:			
Inventory	\$ 797,722	\$ 489,421	\$ 1,287,143
Net Assets - Without Donor Restrictions	35,610,705	489,421	36,100,126
For the Year Ended September 30, 2019:			
Contributed Services and Gifts-in-Kind	3,330,780	4,571,023	7,901,803
Cost of Sales / Overhead Allocation	(202)	4,552,693	4,552,491
As of September 30, 2018:			
Net Assets - Without Donor Restrictions	35,518,883	471,091	35,989,974

CITY UNION MISSION, INC.
SCHEDULE OF CONTRIBUTED SERVICES AND GIFTS-IN-KIND
YEAR ENDED SEPTEMBER 30, 2020
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Warehouse	Men's Ministry	Farm and Camp	Family and Youth Ministries	Thrift Stores	General and Administrative	Fundraising	2020	2019 - As Restated
Clothing	\$ -	\$ 13,219	\$ 3,884	\$ 141,175	\$ -	\$ -	\$ -	\$ 158,278	\$ 252,414
Food	-	1,277,913	5,943	615	-	-	-	1,284,471	1,382,593
Donated Meals Prepared	-	40,384	-	36,716	-	-	335	77,435	121,087
Paper Products	47,856	-	-	-	-	-	-	47,856	51,656
Professional Services	98,250	22,050	430	102,100	-	-	16,330	239,160	126,323
Supplies	31,838	9,734	-	4,095	-	530	4,274	50,471	63,614
Miscellaneous	-	1,209	4,966	87,100	-	1,700	8,975	103,950	187,579
Radio Air Time	-	-	-	-	-	-	171,410	171,410	150,040
Public Education	-	-	-	-	-	-	36,825	36,825	42,561
Furniture and Household Items	341	8,129	1,848	232,819	-	-	-	243,137	685,808
Christmas/Thanksgiving Baskets	-	-	630	59,563	-	-	-	60,193	98,204
School Supplies	-	-	-	460	-	-	-	460	460
Equipment	27,502	-	668	305	-	47,115	-	75,590	163,044
Thrift Store Items for Resale	-	-	-	-	4,587,250	-	-	4,587,250	4,571,023
Real Estate	-	-	3,990,000	-	-	-	-	3,990,000	-
Maintenance	-	11	950	21	-	-	-	982	5,397
Total	\$ 205,787	\$ 1,372,649	\$ 4,009,319	\$ 664,969	\$ 4,587,250	\$ 49,345	\$ 238,149	\$ 11,127,468	\$ 7,901,803

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 15,569 hours in 2020 and 94,788 hours in 2019, 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, 2020 AND 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	2020	2019
Individuals	\$ 7,270,246	\$ 5,737,433
Bequests, Gifts, and Annuities	697,009	509,903
Churches/Civic Groups	255,338	263,627
Business Support	713,066	555,447
Matching Gifts	24,877	30,243
Other Restricted Gifts (Consists Primarily of Contributions from Individuals)	87,603	718,536
Foundations	2,034,896	2,077,804
Bikers	22,716	20,575
Klapmeyer Grocery	7,611	6,467
	\$ 11,113,362	\$ 9,920,035
Total Contributions		

Reconciliation to Statements of Activities and Changes in Net Assets

Contributions	\$ 11,090,646	\$ 9,713,680
Special Events	22,716	206,355
	\$ 11,113,362	\$ 9,920,035
Total Contributions		

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