




# **City Union Mission, Inc.**

## **Independent Auditor's Report, Financial Statements, and Supplementary Information**

September 30, 2024 and 2023



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## **Independent Auditor's Report**

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

### ***Opinion***

We have audited the financial statements of City Union Mission, Inc., which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of City Union Mission, Inc. as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City Union Mission, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City Union Mission, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 listed in the table of contents 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 audits 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.

***Forvis Mazars, LLP***

**Kansas City, Missouri  
January 31, 2025**

**City Union Mission, Inc.**  
**Statements of Financial Position**  
**September 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,802,734	\$ 2,067,542
Restricted cash and cash equivalents	229,482	479,482
Contributions receivable	-	22,639
Other receivables	8,628	13,369
Inventories	1,057,107	1,081,888
Prepaid expenses and other assets	231,846	408,219
Beneficial interest in trusts	1,596,439	1,494,819
Investments	21,106,481	19,419,972
Right-of-use assets - operating leases	3,696,130	4,362,788
Property held for sale - net	1,504,000	-
Property and equipment, net of accumulated depreciation - 2024 - \$20,806,124; 2023 - \$20,331,801	16,365,242	21,287,930
Total assets	<u>\$ 47,598,089</u>	<u>\$ 50,638,648</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 219,849	\$ 611,651
Accrued expenses	884,838	774,704
Operating lease liabilities, net	3,749,309	4,403,471
Total liabilities	<u>4,853,996</u>	<u>5,789,826</u>
<b>Net Assets</b>		
Without donor restrictions	39,125,157	41,159,475
With donor restrictions	3,618,936	3,689,347
Total net assets	<u>42,744,093</u>	<u>44,848,822</u>
Total liabilities and net assets	<u>\$ 47,598,089</u>	<u>\$ 50,638,648</u>

**City Union Mission, Inc.**  
**Statement of Activities**  
**Year Ended September 30, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating Revenues, Gains and Other Support</b>			
Contributions of cash and other financial assets	\$ 12,372,603	\$ 446,806	\$ 12,819,409
Contributions of nonfinancial assets	9,673,574	-	9,673,574
Receiving center sales	8,721,383	-	8,721,383
Miscellaneous income	36,256	-	36,256
Change in beneficial interests in trusts	-	101,620	101,620
Net investment return	1,289,314	92,276	1,381,590
Net assets released from restrictions	946,512	(946,512)	-
	<u>33,039,642</u>	<u>(305,810)</u>	<u>32,733,832</u>
<b>Expenses and Losses</b>			
Program Services			
Warehouse	2,922,984	-	2,922,984
Men's ministry	5,293,960	-	5,293,960
Warsaw programs	1,160,391	-	1,160,391
Women and family programs	3,765,112	-	3,765,112
Thrift stores	16,726,937	-	16,726,937
	<u>29,869,384</u>	<u>-</u>	<u>29,869,384</u>
Support Services			
General and administrative	2,302,148	-	2,302,148
Fundraising	2,693,394	-	2,693,394
	<u>4,995,542</u>	<u>-</u>	<u>4,995,542</u>
Impairment Loss on Property Held for Sale	<u>2,662,346</u>	<u>-</u>	<u>2,662,346</u>
Total expenses and losses	<u>37,527,272</u>	<u>-</u>	<u>37,527,272</u>
<b>Change in Net Assets from Operations</b>	(4,487,630)	(305,810)	(4,793,440)
<b>Non-Operating Activities</b>			
Unrealized gains on investments	<u>2,453,312</u>	<u>235,399</u>	<u>2,688,711</u>
<b>Change in Net Assets</b>	(2,034,318)	(70,411)	(2,104,729)
<b>Net Assets, Beginning of Year</b>	<u>41,159,475</u>	<u>3,689,347</u>	<u>44,848,822</u>
<b>Net Assets, End of Year</b>	<u>\$ 39,125,157</u>	<u>\$ 3,618,936</u>	<u>\$ 42,744,093</u>

**City Union Mission, Inc.**  
**Statement of Activities**  
**Year Ended September 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating Revenues, Gains and Other Support</b>			
Contributions of cash and other financial assets	\$ 12,351,434	\$ 496,949	\$ 12,848,383
Contributions of nonfinancial assets	10,036,769	-	10,036,769
Receiving center sales	8,787,740	-	8,787,740
Miscellaneous income	336,290	19,732	356,022
Change in beneficial interests in trusts	-	75,514	75,514
Net investment return	728,884	106,150	835,034
Net assets released from restrictions	248,082	(248,082)	-
	<u>32,489,199</u>	<u>450,263</u>	<u>32,939,462</u>
<b>Expenses and Losses</b>			
Program Services			
Warehouse	2,964,779	-	2,964,779
Men's ministry	5,665,132	-	5,665,132
Warsaw programs	1,242,786	-	1,242,786
Women and family programs	3,569,209	-	3,569,209
Thrift stores	16,891,013	-	16,891,013
	<u>30,332,919</u>	<u>-</u>	<u>30,332,919</u>
Support Services			
General and administrative	2,158,804	-	2,158,804
Fundraising	3,103,328	-	3,103,328
	<u>5,262,132</u>	<u>-</u>	<u>5,262,132</u>
Total support services	<u>5,262,132</u>	<u>-</u>	<u>5,262,132</u>
Total expenses and losses	<u>35,595,051</u>	<u>-</u>	<u>35,595,051</u>
<b>Change in Net Assets from Operations</b>	(3,105,852)	450,263	(2,655,589)
<b>Non-Operating Activities</b>			
Unrealized gains on investments	965,252	75,039	1,040,291
<b>Change in Net Assets</b>	(2,140,600)	525,302	(1,615,298)
<b>Net Assets, Beginning of Year</b>	43,300,075	3,164,045	46,464,120
<b>Net Assets, End of Year</b>	<u>\$ 41,159,475</u>	<u>\$ 3,689,347</u>	<u>\$ 44,848,822</u>

**City Union Mission, Inc.**  
**Statement of Functional Expenses**  
**Year Ended September 30, 2024**

	Program Services					Support Services				
		Men's	Warsaw	Women and		Total	General		Total	
	Warehouse	Ministry	Programs	Family	Thrift Stores	Program	and	Fundraising	Support	Total
				Programs		Services	Administrative		Services	
Salaries, benefits, payroll taxes and contract labor	\$ 1,424,503	\$ 3,749,325	\$ 594,388	\$ 2,515,655	\$ 3,794,064	\$ 12,077,935	\$ 1,239,967	\$ 999,565	\$ 2,239,532	\$ 14,317,467
Professional services	29,043	68,730	26,610	53,266	9,640	187,289	80,674	56,579	137,253	324,542
Staff development	40,602	118,315	20,041	88,684	38,432	306,074	94,717	23,411	118,128	424,202
Bank and payroll fees and postage	26,407	61,840	9,276	47,939	175,987	321,449	73,587	10,264	83,851	405,300
Equipment and supplies	19,080	26,695	7,781	16,699	1,010,172	1,080,427	23,262	12,641	35,903	1,116,330
Client support	1,036,069	40,097	21,575	335,983	770,570	2,204,294	1,132	139	1,271	2,205,565
Facilities	46,712	247,364	114,477	204,675	1,567,198	2,180,426	78,844	11,038	89,882	2,270,308
Utilities	57,292	135,971	20,392	105,356	407,251	726,262	159,144	22,280	181,424	907,686
Automobile expenses	133,746	2,471	371	1,915	67,139	205,642	91,784	406	92,190	297,832
IT Software, license and equipment	57,369	147,793	20,261	130,124	-	355,547	158,543	22,196	180,739	536,286
Miscellaneous	-	-	-	-	-	-	150,000	-	150,000	150,000
Marketing	-	-	-	-	-	-	-	895,330	895,330	895,330
Fundraising events	64	152	21	116	-	353	179	333,829	334,008	334,361
Appeals	-	-	-	-	54,059	54,059	-	305,716	305,716	359,775
Depreciation	52,097	695,207	325,198	264,700	193,104	1,530,306	150,315	-	150,315	1,680,621
Cost of sales	-	-	-	-	8,639,321	8,639,321	-	-	-	8,639,321
Total expenses by function	\$ 2,922,984	\$ 5,293,960	\$ 1,160,391	\$ 3,765,112	\$ 16,726,937	\$ 29,869,384	\$ 2,302,148	\$ 2,693,394	\$ 4,995,542	\$ 34,864,926



**City Union Mission, Inc.**  
**Statement of Functional Expenses**  
**Year Ended September 30, 2023**

	Program Services					Support Services				Total
	Warehouse	Men's Ministry	Warsaw Programs	Women and	Thrift Stores	Total	General and Administrative	Fundraising	Total	
				Family Programs		Program Services			Support Services	
Salaries, benefits, payroll taxes and contract labor	\$ 1,321,449	\$ 3,869,017	\$ 742,005	\$ 2,487,561	\$ 3,922,564	\$ 12,342,596	\$ 1,135,532	\$ 1,020,454	\$ 2,155,986	\$ 14,498,582
Professional services	19,796	75,752	5,653	39,572	3,256	144,029	61,588	56,697	118,285	262,314
Staff development	38,229	122,651	11,390	65,395	42,260	279,925	88,100	38,157	126,257	406,182
Bank and payroll fees and postage	19,312	72,036	7,559	37,631	204,444	340,982	59,464	12,819	72,283	413,265
Equipment and supplies	32,324	51,731	8,475	35,576	1,071,621	1,199,727	48,926	43,908	92,834	1,292,561
Client support	1,135,156	61,862	46,756	327,888	730,060	2,301,722	9,377	2,178	11,555	2,313,277
Facilities	94,364	282,077	71,466	128,003	1,549,346	2,125,256	178,642	27,784	206,426	2,331,682
Utilities	52,030	196,872	14,817	105,811	381,480	751,010	159,990	34,764	194,754	945,764
Automobile expenses	168,708	3,791	283	1,980	76,022	250,784	122,540	660	123,200	373,984
IT Software, license and equipment	30,001	116,608	8,624	63,132	-	218,365	93,336	20,130	113,466	331,831
Marketing	38	143	12	75	-	268	117	909,619	909,736	910,004
Fundraising events	-	-	-	-	-	-	-	65,139	65,139	65,139
Appeals	-	-	-	-	61,814	61,814	-	871,019	871,019	932,833
Depreciation	53,372	812,592	325,746	276,585	164,961	1,633,256	201,192	-	201,192	1,834,448
Cost of sales	-	-	-	-	8,683,185	8,683,185	-	-	-	8,683,185
Total expenses by function	\$ 2,964,779	\$ 5,665,132	\$ 1,242,786	\$ 3,569,209	\$ 16,891,013	\$ 30,332,919	\$ 2,158,804	\$ 3,103,328	\$ 5,262,132	\$ 35,595,051

**City Union Mission, Inc.**  
**Statements of Cash Flows**  
**Years Ended September 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Operating Activities</b>		
Change in net assets	\$ (2,104,729)	\$ (1,615,298)
Items not requiring (providing) cash		
Depreciation	1,680,621	1,834,448
Noncash operating lease expense	666,658	704,601
(Gains) losses on sale of property and equipment	92,344	(244,095)
Net realized and unrealized gains on investments	(3,466,165)	(1,259,103)
Change in beneficial interests in trusts	(101,620)	(75,514)
Contribution of beneficial interest in trust	-	(260,929)
Impairment loss on property held for sale	2,662,346	-
Contributions received restricted for the capital project	-	(134,480)
Changes in		
Accounts receivable	4,741	(3,851)
Inventories	24,781	(14,075)
Prepaid expenses and other assets	176,373	192,305
Contributions receivable	22,639	124,364
Accounts payable and accrued expenses	(281,668)	237,718
Operating lease liability	(654,162)	(663,918)
Net cash used in operating activities	<u>(1,277,841)</u>	<u>(1,177,827)</u>
<b>Investing Activities</b>		
Purchase of property and equipment	(1,121,548)	(1,333,090)
Proceeds from disposition of property and equipment	104,925	341,219
Proceeds from disposition of investments	7,688,711	3,474,168
Purchases of investments	(5,909,055)	(4,082,165)
Net cash provided by (used in) investing activities	<u>763,033</u>	<u>(1,599,868)</u>
<b>Financing Activities</b>		
Proceeds from contributions restricted for the capital project	-	134,480
Payments on annuities and trusts payable	-	(1,553)
Net cash provided by financing activities	<u>-</u>	<u>132,927</u>
<b>Decrease in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents</b>	<b>(514,808)</b>	<b>(2,644,768)</b>
<b>Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Beginning of Year</b>	<b><u>2,547,024</u></b>	<b><u>5,191,792</u></b>
<b>Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, End of Year</b>	<b><u>\$ 2,032,216</u></b>	<b><u>\$ 2,547,024</u></b>

**City Union Mission, Inc.**  
**Statements of Cash Flows**  
**Years Ended September 30, 2024 and 2023**

**(Continued)**

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,802,734	\$ 2,067,542
Restricted cash and cash equivalents	<u>229,482</u>	<u>479,482</u>
Total cash, cash equivalents, restricted cash and restricted cash equivalents as shown in the statements of financial position	<u><u>\$ 2,032,216</u></u>	<u><u>\$ 2,547,024</u></u>

## **Note 1. Nature of Operations and Summary of Significant Accounting Policies**

### ***Nature of Operations***

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 100 men each night. The Christian Life Program offers counseling and job skill training in a long-term, live-in setting for up to 50 men at a time.

#### **Warsaw Programs**

Located in the Ozark hills near Warsaw, Missouri, Camp CUMCITO is a summer camp for children and youth who are poor and/or homeless. Each July, nearly 300 children, ages 4-16, spend a week at the camp located near Warsaw, Missouri.

#### **Thrift Stores**

The Mission operates four community thrift stores, along with two drop off locations, 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. 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. 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 clients through the thrift stores.

#### **Women and Family Programs**

The Family and Youth Center houses the emergency homeless shelter for overnight guests, including families and single women. The shelter can accommodate up to 148 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 nine to 18 months New Life Program that teaches life and parenting skills, work therapy and counseling. The New Life Program can accommodate up to 25 participants. 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.

### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

### ***Cash and Cash Equivalents and Restricted Cash and Cash Equivalents***

The Mission considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts, are not considered to be cash and cash equivalents. At September 30, 2024, cash equivalents consisted primarily of money market accounts with brokers.

Restricted cash and cash equivalents represent cash restricted for long-term purposes (e.g., acquisition of property and equipment). These amounts are restricted and not available for current operations.

At September 30, 2024, the Mission's cash accounts exceeded federally insured limits by approximately \$1,207,000.

### ***Inventories***

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

Thrift store inventories consist of donated used clothing, hard goods, furniture and other miscellaneous donated goods. Inventory is estimated based on the subsequent sales of goods and an estimated turnover ratio, which approximates fair value.

### ***Investments and Net Investment Return***

The Mission measures securities, other than investments that qualify for the equity method of accounting, at fair value.

Investment return includes dividend, interest and realized and unrealized gains and losses on investments carried at fair value, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

### ***Property and Equipment***

Property and equipment acquisitions over \$2,500 are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building and improvements	5 to 40 years
Equipment	3 to 10 years

***Assets Held for Sale***

The Mission considers whether there are assets held for sale based on specific criteria including management's intent to sell, marketing of the assets as available for sale and probability that the assets will be sold within one year. Once an asset is classified as held for sale, the Mission separately presents the held for sale asset from property and equipment within the statement of financial position and depreciation expense is no longer recorded for the asset. At September 30, 2024, the Mission has property held for sale of \$1,504,000, net of \$96,000 of estimated selling expenses and a \$2,662,346 impairment loss recognized in 2024, included within the statement of financial position.

***Long-Lived Asset Impairment***

The Mission evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Impairment of property held for sale, recognized during the year ended September 30, 2024 is \$2,662,346 and is included in the statement of activities. During the year ended September 30, 2023 there was no asset impairment recognized.

***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are 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 or certain grantor restrictions, net assets for an operating reserve.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some 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 restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

***Receiving Center Sales Revenue***

Revenue from receiving center sales is recognized as the Mission satisfies performance obligations under its contracts. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Mission expects to be entitled in exchange for providing goods. The Mission determines the transaction price based on standard charges for goods provided, reduced by implicit and explicit price concessions. The Mission determines its estimates of implicit and explicit price concessions based upon its discount policies and historical experience. The estimated amounts also include variable consideration for product discounts and returns.

**Contributions**

Contributions are provided to the Mission either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Mission overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

All contributions receivable were due within one year as of September 30, 2024 and 2023.

**Income Taxes**

The Mission is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Mission is subject to federal income tax on any unrelated business taxable income.

The Mission files tax returns in the U.S. federal jurisdiction.

### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, general and administrative and fundraising categories based on estimated time expended, usage and other methods.

### ***Operating Measure***

The Mission reports an operating income (loss) in the statements of activities which includes all revenues and expenses associated with operating the Mission. The measure of operations excludes unrealized gains and losses from investments.

## **Note 2. Inventories**

Inventories consist of the following at September 30:

	<b>2024</b>	<b>2023</b>
	<hr/>	<hr/>
Warehouse	\$ 205,730	\$ 185,816
Thrift store	851,377	896,072
	<hr/>	<hr/>
	<u>\$ 1,057,107</u>	<u>\$ 1,081,888</u>

## **Note 3. Beneficial Interest in Trusts**

The Mission has been named as an irrevocable beneficiary of several perpetual trusts held and administered by independent trustees. Perpetual trusts provide for the distribution of the net income of the trusts to the Mission; however, the Mission will never receive the assets of the trusts.

At the date the Mission receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statements of activities. A beneficial interest in perpetual trust is recorded in the statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities.

The estimated value of the expected future cash flows is \$1,596,439 and \$1,494,819, which represents the fair value of the trusts' assets at September 30, 2024 and 2023, respectively. The distributions from these trusts for 2024 and 2023 was \$17,802 and \$24,477, respectively.

The Mission is the beneficiary under various charitable remainder trusts administered by various banks. The assets of these trusts are not included in the statements of financial position of the Mission since the trusts are either revocable at the discretion of the grantor or the Mission does not have adequate reliable and verifiable evidence to measure the amount of the interest (e.g., age of current income beneficiaries).



#### Note 4. Property and Equipment

Property and equipment consist of the following at September 30:

	<b>2024</b>	<b>2023</b>
Land and land improvements	\$ 2,849,494	\$ 3,082,011
Buildings and leasehold improvements	29,262,497	33,241,242
Store and transportation equipment	1,353,661	1,294,603
Furniture and fixtures	3,599,750	3,709,289
Construction in progress	105,964	292,586
	<u>37,171,366</u>	<u>41,619,731</u>
Less accumulated depreciation and amortization	<u>20,806,124</u>	<u>20,331,801</u>
	<u><u>\$ 16,365,242</u></u>	<u><u>\$ 21,287,930</u></u>

#### Note 5. Cloud Computing Arrangement

In May 2020, the Mission entered into a five-year cloud computing arrangement (CCA) that is considered a service contract. The value of the contract was paid upfront and is presented as a prepaid asset within the statements of financial position. Certain implementation costs associated with the CCA totaling \$209,578 have been capitalized and are included as a prepaid asset within the statements of financial position as of September 30, 2024 and 2023. During the years ended September 30, 2024 and 2023, \$41,916 of amortization was recognized each year within the statements of activities.

#### Note 6. Revenue from Contracts with Customers

##### ***Transaction Price and Recognition***

Receiving center sales revenue is measured as the amount of consideration the Mission expects to receive in exchange for transferring distinct goods to customers. Sales to the public revenues consist substantially of product sales and is reported net of sales discounts offered to customers, if any, and returns. The Mission determines its estimates for discounts and returns based upon its discount policies and historical experience. The Mission recognizes revenue when performance obligations under the terms of contracts with its customers are satisfied, which occurs when control passes to a customer to enable them to direct the use of and obtain benefit from a product. This typically occurs when a customer obtains legal title, obtains the risks and rewards of ownership, has received the goods at the point of sale or according to the contractual shipping terms either at the shipping point or destination and is obligated to pay for the product. Payment is due at the time of purchase and the Mission offers a 7-day return policy in which customers may return purchased goods for in-store credit.

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All of the Mission's receiving center sales are recognized at a point in time. The Mission has determined the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Type of product sold
- Geography of service location

**Note 7. Contributed Non-financial Assets**

For the years ended September 30, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities included:

	<b>2024</b>	<b>2023</b>
Clothing	\$ 109,021	\$ 93,922
Food	576,710	796,260
Paper products	32,061	37,985
Supplies	8,655	77,939
Miscellaneous	53,636	49,624
Professional services	26,115	50,880
Advertising	22,880	73,674
Public education	4,267	3,980
Furniture and household items	85,208	69,036
Christmas/Thanksgiving baskets	143,124	76,051
Equipment/Fixed assets	17,271	53,812
Clothing and household goods for resale	8,594,626	8,653,606
	<u>\$ 9,673,574</u>	<u>\$ 10,036,769</u>

The nonfinancial assets listed above were recognized within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed items were utilized in the following programs:

<b>Contributed Items</b>	<b>Programs</b>
Clothing and Christmas/Thanksgiving baskets	Warehouse, Men's Ministry, Warsaw Programs, Women and Family Programs
Household goods, including paper products, supplies, furniture	Warehouse, Warsaw Programs, Women and Family Programs, Facilities
Food	Warehouse, Men's Ministry, Warsaw Programs, Women and Family Programs
Professional services	Warehouse and Facilities

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<b>Contributed Items</b>	<b>Programs</b>
Advertising and public education	Women and Family Programs and Fundraising
Equipment	Warsaw Programs and Women and Family Programs
Clothing and household goods for resale	Thrift Stores

The following basis was used for valuing contributed items:

<b>Contributed Items</b>	<b>Valuation Basis</b>
Clothing, furniture/household items and clothing and household goods for resale	The Mission estimated the fair value on the basis of estimated sales price within their thrift stores.
Food, paper products, supplies and holiday baskets	The Mission estimated the fair value on the basis of value per pound of within Feeding America's annual audited financial statements which is based on wholesale prices.
Professional services, advertising and public education	The Mission estimated the fair value based on current rates for similar services.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

## **Note 8. Defined Contribution Plan**

The Mission has a defined contribution pension plan for all employees who have obtained the age of 21 and have completed one year of service. The Mission may make discretionary matching and other contributions to the plan. For the years ended September 30, 2024 and 2023, the Mission matched 75% of employee contributions, not to exceed 4% of employee wages. Pension expense was \$125,647 and \$101,523 for the years ended September 30, 2024 and 2023, respectively.

## Note 9. Net Assets

### ***Net Assets With Donor Restrictions***

Net assets with donor restrictions at September 30, 2024 and 2023 are restricted for the following purposes or periods:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose		
Capital project	\$ 229,482	\$ 479,483
Bikers fund - assistance to mission program families and men	17,578	30,373
Car ministry	38,675	15,000
Holiday food	20,171	32,000
Miscellaneous	13,763	16,047
	<u>319,669</u>	<u>572,903</u>
Endowments		
Subject to NFP endowment spending policy and appropriation		
General use	<u>1,702,828</u>	<u>1,621,625</u>
Not subject to spending policy or appropriation		
Beneficial interest in trusts	<u>1,596,439</u>	<u>1,494,819</u>
	<u>\$ 3,618,936</u>	<u>\$ 3,689,347</u>

### ***Net Assets Without Donor Restrictions***

Net assets without donor restrictions at September 30, 2024 and 2023 have been designated for the following purposes:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 19,754,525	\$ 23,411,096
Designated by the Board for operating reserve	<u>19,370,632</u>	<u>17,748,379</u>
Net assets without donor restrictions	<u>\$ 39,125,157</u>	<u>\$ 41,159,475</u>

## **Note 10. Endowment**

The Mission's governing body is subject to the *State of Missouri Prudent Management of Institutional Funds Act* (UPMIFA). As a result, the Mission classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures.

Additionally, in accordance with UPMIFA, the Mission considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Mission and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Mission
7. Investment policies of the Mission

The Mission's endowment consists of one individual fund established to support the Mission's greatest need each year. The endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at September 30, 2024 and 2023, was:

	<b>2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,261,531	\$ 1,261,531
Accumulated investment gains	-	441,297	441,297
Total endowment funds	<u>\$ -</u>	<u>\$ 1,702,828</u>	<u>\$ 1,702,828</u>

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	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,261,531	\$ 1,261,531
Accumulated investment gains	-	360,094	360,094
Total endowment funds	<u>\$ -</u>	<u>\$ 1,621,625</u>	<u>\$ 1,621,625</u>

Changes in endowment net assets for the years ended September 30, 2024 and 2023 were:

	<b>2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ -	\$ 1,621,625	\$ 1,621,625
Investment return, net	-	294,990	294,990
Distribution of earnings	-	(213,787)	(213,787)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,702,828</u>	<u>\$ 1,702,828</u>

	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ -	\$ 1,486,667	\$ 1,486,667
Investment return, net	-	134,958	134,958
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,621,625</u>	<u>\$ 1,621,625</u>

***Investment and Spending Policies***

The Mission has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under the Mission's policies, endowment assets are invested in a manner that is intended to maximize return within reasonable and prudent levels of risk; provide returns comparable to

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similar investment options; provide exposure to a wide range of investment opportunities in various asset classes and control administrative and management costs.

To satisfy its long-term rate of return objectives, the Mission relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Mission targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Mission has a spending calculation and is authorized at the written direction of the board.

## **Note 11. 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 contributions 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 September 30, 2024 and 2023, comprise the following:

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 1,802,734	\$ 2,067,542
Restricted cash and cash equivalents	229,482	479,482
Contributions receivable	-	22,639
Accounts receivable, net	8,628	13,369
Beneficial interests in trusts	1,596,439	1,494,819
Investments	<u>21,106,481</u>	<u>19,419,972</u>
 Total financial assets	 24,743,764	 23,497,823
 Donor-imposed restrictions		
Restricted funds	319,669	572,903
Endowments	1,702,828	1,621,625
Beneficial interest in trusts	1,596,439	1,494,819
Net financial assets after donor imposed restrictions	<u>21,124,828</u>	<u>19,808,476</u>
 Internal designations		
Operating reserve	<u>19,370,632</u>	<u>17,748,379</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 1,754,196</u>	 <u>\$ 2,060,097</u>

The Mission's 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.

Although the Mission does not intend to spend from the board-designated operating reserve, these amounts could be made available if necessary.

## **Note 12. Disclosures About Fair Value of Assets**

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs.

The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets



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***Recurring Measurements***

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2024 and 2023:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total Fair Value			
September 30, 2024				
Assets				
Investments				
Money market funds	\$ 252,724	\$ 252,724	\$ -	\$ -
Equity mutual funds				
Domestic	8,773,392	8,773,392	-	-
International	1,634,501	1,634,501	-	-
Fixed income mutual funds				
Diversified taxable	8,713,849	8,713,849	-	-
Credit	628,190	628,190	-	-
Exchange traded funds				
Domestic	3,796	3,796	-	-
International	255,758	255,758	-	-
Treasury	61,960	61,960	-	-
Alternative mutual hedge funds	782,311	782,311	-	-
Total investments	21,106,481	21,106,481	-	-
Beneficial interest in trusts	1,596,439	-	-	1,596,439
Total assets	\$ 22,702,920	\$ 21,106,481	\$ -	\$ 1,596,439

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		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Total Fair Value				
<b>September 30, 2023</b>				
<b>Assets</b>				
Investments				
Money market funds	\$ 436,657	\$ 436,657	\$ -	\$ -
Equity mutual funds				
Domestic	7,429,413	7,429,413	-	-
International	1,768,975	1,768,975	-	-
Fixed income mutual funds				
Diversified taxable	8,016,064	8,016,064	-	-
Credit	373,400	373,400	-	-
Exchange traded funds				
Domestic	1,518	1,518	-	-
International	320,934	320,934	-	-
Treasury	61,539	61,539	-	-
Alternative mutual hedge funds	1,011,472	1,011,472	-	-
Total investments	19,419,972	19,419,972	-	-
Beneficial interest in trusts	1,494,819	-	-	1,494,819
Total assets	\$ 20,914,791	\$ 19,419,972	\$ -	\$ 1,494,819

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended September 30, 2024 and 2023.

**Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 securities.

**Beneficial Interest in Trusts**

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

***Unobservable (Level 3) Inputs***

The following tables present quantitative information about unobservable inputs used in recurring Level 3 fair value measurements at September 30, 2024 and 2023.

	<b>Fair Value at 2024</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>
Beneficial interest in trusts	\$ 1,596,439	Discounted cash	Present value of estimated future cash flows
	<b>Fair Value at 2023</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>
Beneficial interest in trusts	\$ 1,494,819	Discounted cash	Present value of estimated future cash flows

***Nonrecurring Measurements***

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a nonrecurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

***Property Held for Sale***

Property held for sale is valued at fair value on September 30, 2024 due to a recognized impairment recorded. The fair value is estimated using similar assets that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy. The reported fair value of the property held for sale as of September 30, 2024 is \$1,504,000.

**Note 13. Commitments**

The Mission entered into an agreement with Thrift Management Specialists, LLC to provide management for the Mission's thrift store operations through August 31, 2022. This agreement may be extended upon mutual consent of the parties for one additional five-year term and, thereafter, will be automatically renewed for successive five-year terms. During the year ended September 30, 2022, the Mission extended the agreement for an additional six months through February 28, 2023. During the year ended September 30, 2023, the Mission extended the agreement through February 29, 2028. 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. Additional one-time management fees are owed for any new stores opened. Management fees expense totaled \$708,442 and \$713,765 for the years ended September 30, 2024 and 2023, 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 were used to seek contributions for the purchase of a support facility and warehouse, various projects for the Christian Life Center, the Family Center, and 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.

#### **Note 14. Federal Home Loan Grant**

Federal Home Loan Bank of Des Moines (FHLB), Community America Credit Union and City Union Mission, Inc. 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 was forgiven in 2023 upon all FHLB conditions being met. Those requirements included: 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). The loan grant was recognized as grant revenue when received.

Federal Home Loan Bank of Des Moines (FHLB), Community America Credit Union and City Union Mission, Inc. 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, Inc. 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 15. Leases**

##### ***Accounting Policies***

The Mission determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Mission determines lease classification as operating or finance at the lease commencement date.

The Mission combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office buildings and employee vehicles.

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At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Mission has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Mission is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

***Nature of Leases***

The Mission has entered into the following lease arrangements:

***Operating Leases***

The Mission has leases for Thrift Store spaces that expire in various years through 2032. Certain leases contain renewal options for periods ranging from five to 15 years and require the Mission to pay select executory costs (property taxes, maintenance and insurance). Certain lease payments have an escalating fee schedule, generally which range from a 4% to 9% increase each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

The Mission leases multiple vehicles that expire in various years through 2028. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

***All Leases***

The Mission has no material related-party leases.

The Mission's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

***Quantitative Disclosures***

The lease cost and other required information for the years ended September 30, 2024 and 2023 is:

	<u>2024</u>	<u>2023</u>
Lease cost		
Operating lease cost	\$ 838,600	\$ 874,198
	<u>\$ 838,600</u>	<u>\$ 874,198</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 824,332	\$ 833,345
Weighted-average remaining lease term		
Operating leases	6.00 years	7.00 years
Weighted-average discount rate		
Operating leases	3.96%	3.94%

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Future minimum lease payments and reconciliation to the statement of financial position at September 30, 2024, are as follows:

	<b>Operating Leases</b>
2025	\$ 834,551
2026	694,748
2027	647,177
2028	633,600
2029	582,117
Thereafter	858,371
Total future undiscounted cash flows	4,250,564
Less: present value discount	(501,255)
Lease liabilities	<u>\$ 3,749,309</u>

## **Note 16. Employee Retention Credit**

During the year ended September 30, 2024, the Mission applied for the Employee Retention Credit (ERC), a credit introduced by Congress in response to the economic impact of the COVID-19 pandemic. The ERC provides a refundable employee retention tax credit to eligible employers who meet either a gross receipts test or a government mandate test. The tax credit is equal to a specified percentage of qualified wages paid to employees subject to certain limits. The Mission accounts for the ERC as a government grant under ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Under ASC 958-605, the ERC may be recognized once the conditions attached to the grant have been substantially met. The Mission determined it incurred qualifying wages and has filed for credits in the amount of \$1,006,537 associated with the ERC, but has not recorded any income or corresponding receivable, as management has concluded all conditions have not been met. Laws and regulations concerning the employee retention credit are complex and subject to varying interpretation. These credits may be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Mission's claim to the ERC, and it is not possible to determine the impact this would have on the Mission.

## **Note 17. Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

### ***Investments***

The Mission invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

### ***Beneficial Interest in Trusts***

Estimates related to the valuation of beneficial interest in trusts are described in *Notes 3 and 12*.

***Inventories***

As discussed in *Note 1*, inventory value is estimated based on subsequent sales of goods adjusted for inventory turnover.

***Functional Allocation of Expenses***

As discussed in *Note 1*, certain costs have been allocated among the program, general and administrative and fundraising categories based upon estimated time expended, usage and other methods.

***Assets Held for Sale***

As discussed in *Note 1*, certain assets held for sale at September 30, 2024 are valued at the estimated fair market value using similar assets that are observable or that can be corroborated by observable market data.

**Note 18. Subsequent Events**

Subsequent events have been evaluated through January 31, 2025, which is the date the financial statements were available to be issued.

## ***Supplementary Information***



**City Union Mission, Inc.**  
**Schedule of Contributed Services and Gifts-In-Kind**  
**Year Ended September 30, 2024**  
**(With Summarized Information for the Year Ended September 30, 2023)**

	Warehouse	Men's Ministry	Warsaw Programs	Thrift Stores	Women and Family Programs	Facilities	General and Administrative	Development	2024 Total	2023 Total
Clothing	\$ 103,820	\$ 1,691	\$ 2,015	\$ -	\$ 1,263	\$ -	\$ 232	\$ -	\$ 109,021	\$ 93,922
Food	-	402,431	-	-	174,279	-	-	-	576,710	796,260
Paper products	8,895	-	974	-	45	21,983	164	-	32,061	37,985
Supplies	1,253	-	-	-	540	5,161	1,701	-	8,655	77,939
Miscellaneous	17,327	19,820	5,106	-	1,227	3,684	5,171	1,301	53,636	49,624
Professional services	-	-	11,000	-	-	-	15,115	-	26,115	50,880
Advertising	-	-	-	-	-	-	-	22,880	22,880	73,674
Public education	-	4,267	-	-	-	-	-	-	4,267	3,980
Furniture and household items	83,088	811	1,174	-	-	-	135	-	85,208	69,036
Christmas/Thanksgiving baskets	2,108	-	134	-	140,882	-	-	-	143,124	76,051
Equipment/Fixed assets	293	12,723	-	-	49	-	4,206	-	17,271	53,812
Thrift store sale items for resale	-	-	-	8,594,626	-	-	-	-	8,594,626	8,653,606
	<u>\$ 216,784</u>	<u>\$ 441,743</u>	<u>\$ 20,403</u>	<u>\$ 8,594,626</u>	<u>\$ 318,285</u>	<u>\$ 30,828</u>	<u>\$ 26,724</u>	<u>\$ 24,181</u>	<u>\$ 9,673,574</u>	<u>\$ 10,036,769</u>

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 50,740 hours in 2024 and 38,000 hours in 2023, 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, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
Individuals	\$ 7,457,454	\$ 7,763,501
Bequests, gifts and annuities	1,406,760	1,319,145
Churches/civic groups	294,662	275,150
Business support	1,444,418	1,310,049
Foundations	2,213,764	2,177,353
Other	2,351	3,185
	<u>\$ 12,819,409</u>	<u>\$ 12,848,383</u>