




City Union Mission, Inc.

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

September 30, 2025 and 2024



City Union Mission, Inc.
Contents
September 30, 2025 and 2024

Independent Auditor's Report..... 1

Financial Statements

 Statements of Financial Position..... 3

 Statements of Activities 4

 Statements of Functional Expenses..... 6

 Statements of Cash Flows 8

 Notes to Financial Statements 10

Supplementary Information

 Schedule of Contributed Services and Gifts-In-Kind..... 29

 Schedules of Contributions 30

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, 2025 and 2024, 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, 2025 and 2024, 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 26, 2026**

City Union Mission, Inc.
Statements of Financial Position
September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 2,031,450	\$ 1,802,734
Restricted cash and cash equivalents	125,053	229,482
Other receivables	11,315	8,628
Inventories	1,095,548	1,057,107
Prepaid expenses and other assets	117,557	231,846
Beneficial interest in trusts	1,950,158	1,596,439
Investments	22,238,598	21,106,481
Right-of-use assets - operating leases	4,041,442	3,696,130
Property held for sale - net	517,000	1,504,000
Property and equipment, net of accumulated depreciation - 2025 - \$22,040,830; 2024 - \$20,806,124	15,618,995	16,365,242
Total Assets	<u><u>\$ 47,747,116</u></u>	<u><u>\$ 47,598,089</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 314,446	\$ 219,849
Accrued expenses	1,197,381	884,838
Operating lease liabilities, net	4,323,380	3,749,309
Total Liabilities	<u>5,835,207</u>	<u>4,853,996</u>
Net Assets		
Without donor restrictions	37,949,596	39,125,157
With donor restrictions	3,962,313	3,618,936
Total Net Assets	<u>41,911,909</u>	<u>42,744,093</u>
Total Liabilities and Net Assets	<u><u>\$ 47,747,116</u></u>	<u><u>\$ 47,598,089</u></u>

City Union Mission, Inc.
Statement of Activities
Year Ended September 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenues, Gains and Other Support			
Contributions of cash and other financial assets	\$ 10,401,067	\$ 217,109	\$ 10,618,176
Contributions of nonfinancial assets	8,811,292	-	8,811,292
Receiving center sales	8,453,296	-	8,453,296
Miscellaneous income	1,444,317	-	1,444,317
Change in beneficial interests in trusts	-	325,778	325,778
Net investment return	2,074,644	105,768	2,180,412
Net assets released from restrictions	356,717	(356,717)	-
Total Operating Revenues, Gains and Other Support	<u>31,541,333</u>	<u>291,938</u>	<u>31,833,271</u>
Expenses and Losses			
Program Services			
Warehouse	2,458,913	-	2,458,913
Men's ministry	5,320,730	-	5,320,730
Warsaw programs	642,177	-	642,177
Women and family programs	3,376,428	-	3,376,428
Thrift stores	16,114,774	-	16,114,774
Total Program Services	<u>27,913,022</u>	<u>-</u>	<u>27,913,022</u>
Support Services			
General and administrative	1,831,989	-	1,831,989
Fundraising	1,706,617	-	1,706,617
Total Support Services	<u>3,538,606</u>	<u>-</u>	<u>3,538,606</u>
Impairment loss	1,127,432	-	1,127,432
Total Expenses and Losses	<u>32,579,060</u>	<u>-</u>	<u>32,579,060</u>
Change in Net Assets from Operations	(1,037,727)	291,938	(745,789)
Non-Operating Activities			
Unrealized gains (losses) on investments	(137,834)	51,439	(86,395)
Change in Net Assets	(1,175,561)	343,377	(832,184)
Net Assets, Beginning of Year	<u>39,125,157</u>	<u>3,618,936</u>	<u>42,744,093</u>
Net Assets, End of Year	<u>\$ 37,949,596</u>	<u>\$ 3,962,313</u>	<u>\$ 41,911,909</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenues, Gains and Other Support			
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)	-
Total Operating Revenues, Gains and Other Support	<u>33,039,642</u>	<u>(305,810)</u>	<u>32,733,832</u>
Expenses and Losses			
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
Total Program Services	<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
Total Support Services	<u>4,995,542</u>	<u>-</u>	<u>4,995,542</u>
Impairment loss	2,662,346	-	2,662,346
Total Expenses and Losses	<u>37,527,272</u>	<u>-</u>	<u>37,527,272</u>
Change in Net Assets from Operations	(4,487,630)	(305,810)	(4,793,440)
Non-Operating Activities			
Unrealized gains on investments	2,453,312	235,399	2,688,711
Change in Net Assets	(2,034,318)	(70,411)	(2,104,729)
Net Assets, Beginning of Year	<u>41,159,475</u>	<u>3,689,347</u>	<u>44,848,822</u>
Net Assets, End of Year	<u>\$ 39,125,157</u>	<u>\$ 3,618,936</u>	<u>\$ 42,744,093</u>

City Union Mission, Inc.
Statement of Functional Expenses
Year Ended September 30, 2025

	Program Services					Support Services			Total	
	Warehouse	Men's Ministry	Warsaw Programs	Women and Family Programs	Thrift Stores	Total Program Services	General and Administrative	Fundraising		Total Support Services
Salaries, benefits, payroll taxes and contract labor	\$ 1,377,128	\$ 3,882,600	\$ 332,598	\$ 2,427,175	\$ 3,916,217	\$ 11,935,718	\$ 1,094,567	\$ 676,206	\$ 1,770,773	\$ 13,706,491
Professional services	31,164	104,304	4,741	73,487	4,027	217,723	93,492	206,655	300,147	517,870
Staff development	27,574	105,658	12,162	70,539	40,465	256,398	68,758	16,301	85,059	341,457
Bank and payroll fees and postage	18,720	62,201	2,827	45,423	71,496	200,667	56,685	9,291	65,976	266,643
Equipment and supplies	31,624	51,552	4,280	33,050	954,838	1,075,344	40,676	9,499	50,175	1,125,519
Client support	544,684	48,450	9,989	100,233	414,576	1,117,932	2,979	109	3,088	1,121,020
Facilities	183,198	191,720	92,211	171,696	1,760,661	2,399,486	21,115	3,519	24,634	2,424,120
Utilities	47,020	157,952	7,180	111,284	420,405	743,841	141,059	23,510	164,569	908,410
Automobile expenses	107,925	11,553	525	8,140	49,461	177,604	80,474	1,726	82,200	259,804
IT Software, license and equipment	48,036	169,159	7,308	129,111	-	353,614	144,108	24,018	168,126	521,740
Marketing	-	-	-	-	-	-	-	389,321	389,321	389,321
Fundraising events	-	-	-	-	-	-	-	499	499	499
Appeals	-	-	-	-	-	-	-	345,963	345,963	345,963
Depreciation	41,840	535,581	168,356	206,290	227,773	1,179,840	88,076	-	88,076	1,267,916
Cost of sales	-	-	-	-	8,254,855	8,254,855	-	-	-	8,254,855
Total expenses by function	\$ 2,458,913	\$ 5,320,730	\$ 642,177	\$ 3,376,428	\$ 16,114,774	\$ 27,913,022	\$ 1,831,989	\$ 1,706,617	\$ 3,538,606	\$ 31,451,628

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

	Program Services					Support Services			Total	
	Warehouse	Men's Ministry	Warsaw Programs	Women and Family Programs	Thrift Stores	Total Program Services	General and Administrative	Fundraising		Total Support 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.
Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Change in net assets	\$ (832,184)	\$ (2,104,729)
Items not requiring (providing) cash		
Depreciation	1,267,915	1,680,621
Noncash operating lease expense	754,449	666,658
(Gains) losses on sale of property and equipment	(1,582)	92,344
Net realized and unrealized gains on investments	(1,501,283)	(3,466,165)
Change in beneficial interests in trusts	(325,778)	(101,620)
Contribution of beneficial interest in trusts	(151,725)	-
Impairment losses	1,127,432	2,662,346
Changes in		
Accounts receivable	(2,687)	4,741
Inventories	(38,441)	24,781
Prepaid expenses and other assets	114,289	176,373
Contributions receivable	-	22,639
Distribution from beneficial interest in trusts	123,784	-
Accounts payable and accrued expenses	337,334	(281,668)
Operating lease liability	(525,690)	(654,162)
Net Cash Provided by (Used in) Operating Activities	<u>345,833</u>	<u>(1,277,841)</u>
Investing Activities		
Purchase of property and equipment	(597,612)	(1,121,548)
Proceeds from disposition of property and equipment	6,900	104,925
Proceeds from disposition of investments	5,129,322	7,688,711
Purchases of investments	(4,760,156)	(5,909,055)
Net Cash Provided by (Used in) Investing Activities	<u>(221,546)</u>	<u>763,033</u>
Increase (Decrease) in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	124,287	(514,808)
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Beginning of Year	<u>2,032,216</u>	<u>2,547,024</u>
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, End of Year	<u>\$ 2,156,503</u>	<u>\$ 2,032,216</u>
Supplemental Cash Flows Information		
Property and equipment included in accounts payable	\$ 69,806	\$ -
Adjustments to right-of-use assets and operating lease liabilities due to lease modifications	1,099,761	-

**City Union Mission, Inc.
Statements of Cash Flows
Years Ended September 30, 2025 and 2024**

(Continued)

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,031,450	\$ 1,802,734
Restricted cash and cash equivalents	<u>125,053</u>	<u>229,482</u>
Total cash, cash equivalents, restricted cash and restricted cash equivalents as shown in the statements of financial position	<u>\$ 2,156,503</u>	<u>\$ 2,032,216</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:

Men's Programs

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. In addition, the Mission provides housing, food and clothing to men with special needs in a separate facility, with the goal of transitioning into a higher level of care in the community.

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, providing shelter and food. The Community Assistance program provides 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.

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.

Warehouse

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

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, 2025, 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, 2025, the Mission's cash accounts exceeded federally insured limits by approximately \$1,766,000.

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.

City Union Mission, Inc.
Notes to Financial Statements
September 30, 2025 and 2024

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 used within operations within the statements of financial position and depreciation expense is no longer recorded for the asset. At September 30, 2025 and 2024, property held for sale was \$517,000 and \$1,504,000, respectively, as reflected in the statements 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 losses of approximately \$1,127,000 and \$2,662,000 were recognized during the years ended September 30, 2025 and 2024, respectively. Impairment losses during the year ended September 30, 2025, included losses on property and equipment held and used (approximately \$137,000) and property held for sale (approximately \$990,000). Impairment losses during the year ended September 30, 2024, were wholly related to property held for sale. Impairments on property and equipment held and used were based on the negative performance of one receiving center sales location and on property held for sale based on market and property conditions. Fair value was determined based on estimated values to be received upon disposition of the property and equipment.

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:

Nature of the Gift	Value Recognized
<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>i.e.</i> , 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.

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.

City Union Mission, Inc.
Notes to Financial Statements
September 30, 2025 and 2024

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.

Revisions

Certain immaterial revisions have been made to the 2024 financial statements for the detail break out of net assets with donor restrictions in Note 9. These revisions did not have a significant impact on the financial statement line items impacted.

Note 2. Inventories

Inventories consist of the following at September 30:

	2025	2024
Warehouse	\$ 148,310	\$ 205,730
Thrift store	947,238	851,377
	\$ 1,095,548	\$ 1,057,107

Note 3. Beneficial Interest in Trusts

The Mission has been named as an irrevocable beneficiary of several perpetual and charitable remainder 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. Charitable remainder trusts provide for the distribution of a portion of the remaining trust to the Mission after payments have been made to designated beneficiaries over the trust’s term (e.g. generally the life expectancy of certain beneficiaries).

At the date the Mission receives notice of an irrevocable beneficial interest, a contribution with donor restrictions of a perpetual nature (e.g., perpetual trust) or due to time (e.g., a remainder trust) is recorded in the statements of activities. Upon initial recognition, a beneficial interest in trust is recorded in the statements of financial position at fair value. Thereafter, beneficial interests in the trusts are reported at the fair value in the statements of financial position, with trust distributions from perpetual trusts and changes in fair value recognized in the statements of activities. Distributions from remainder trusts are recognized as a reduction of the recorded asset.

The estimated value of the expected future cash flows is \$1,950,158 and \$1,596,439, which represents the fair value of the trusts’ assets at September 30, 2025 and 2024, respectively. Distributions from perpetual trusts for 2025 and 2024 were \$61,702 and \$17,802, respectively. Distributions from charitable remainder trusts for 2025 and 2024 were \$123,784 and \$0, 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:

	<u>2025</u>	<u>2024</u>
Land and land improvements	\$ 2,849,494	\$ 2,849,494
Buildings and leasehold improvements	29,623,923	29,262,497
Store and transportation equipment	1,483,876	1,353,661
Furniture and fixtures	3,600,761	3,599,750
Construction in progress	101,771	105,964
	<u>37,659,825</u>	<u>37,171,366</u>
Less accumulated depreciation and amortization	<u>22,040,830</u>	<u>20,806,124</u>
	<u>\$ 15,618,995</u>	<u>\$ 16,365,242</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, 2025 and 2024. During the years ended September 30, 2025 and 2024, \$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.

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

City Union Mission, Inc.
Notes to Financial Statements
September 30, 2025 and 2024

Note 7. Contributed Nonfinancial Assets

For the years ended September 30, 2025 and 2024, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2025</u>	<u>2024</u>
Clothing	\$ 46,771	\$ 109,021
Food	186,196	576,710
Paper products	2,370	32,061
Supplies	29,401	8,655
Miscellaneous	70,895	53,636
Professional services	19,837	26,115
Advertising	3,719	22,880
Public education	-	4,267
Furniture and household items	30,164	85,208
Christmas/Thanksgiving baskets	3,288	143,124
Equipment/fixed assets	67,935	17,271
Clothing and household goods for resale	<u>8,350,716</u>	<u>8,594,626</u>
	<u>\$ 8,811,292</u>	<u>\$ 9,673,574</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:

<u>Contributed Items</u>	<u>Programs</u>
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
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

City Union Mission, Inc.
Notes to Financial Statements
September 30, 2025 and 2024

The following basis was used for valuing contributed items:

<u>Contributed Items</u>	<u>Valuation Basis</u>
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, 2025 and 2024, the Mission matched 75% of employee contributions, not to exceed 4% of employee wages. Pension expense was \$126,035 and \$125,647 for the years ended September 30, 2025 and 2024, respectively.

City Union Mission, Inc.
Notes to Financial Statements
September 30, 2025 and 2024

Note 9. Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at September 30, 2025 and 2024 are restricted for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose		
Capital project	\$ 125,053	\$ 229,482
Bikers fund - assistance to mission program families and men	9,347	17,578
Car ministry	50,620	38,675
Holiday food	-	20,171
Miscellaneous	12,847	13,763
	<u>197,867</u>	<u>319,669</u>
Subject to the passage of time		
Beneficial interest in trusts held by others	<u>380,107</u>	<u>127,118</u>
Endowments		
Subject to NFP endowment spending policy and appropriation		
General use	<u>1,814,288</u>	<u>1,702,828</u>
Not subject to spending policy or appropriation		
Beneficial interest in perpetual trusts	<u>1,570,051</u>	<u>1,469,321</u>
	<u>\$ 3,962,313</u>	<u>\$ 3,618,936</u>

Net Assets Without Donor Restrictions

Net assets without donor restrictions at September 30, 2025 and 2024 have been designated for the following purposes:

	<u>2025</u>	<u>2024</u>
Undesignated	\$ 17,570,261	\$ 19,754,525
Designated by the Board for operating reserve	<u>20,379,335</u>	<u>19,370,632</u>
Net assets without donor restrictions	<u>\$ 37,949,596</u>	<u>\$ 39,125,157</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, 2025 and 2024, was:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
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	-	552,757	552,757
Total endowment funds	<u>\$ -</u>	<u>\$ 1,814,288</u>	<u>\$ 1,814,288</u>

City Union Mission, Inc.
Notes to Financial Statements
September 30, 2025 and 2024

	Without Donor Restrictions	2024 With Donor Restrictions	Total
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>

Changes in endowment net assets for the years ended September 30, 2025 and 2024 were:

	Without Donor Restrictions	2025 With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 1,702,828	\$ 1,702,828
Investment return, net	-	157,207	157,207
Distribution of earnings	-	(45,747)	(45,747)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,814,288</u>	<u>\$ 1,814,288</u>

	Without Donor Restrictions	2024 With Donor Restrictions	Total
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>

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

City Union Mission, Inc.
Notes to Financial Statements
September 30, 2025 and 2024

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, 2025 and 2024, comprise the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,031,450	\$ 1,802,734
Restricted cash and cash equivalents	125,053	229,482
Accounts receivable, net	11,315	8,628
Beneficial interests in trusts	1,950,158	1,596,439
Investments	<u>22,238,598</u>	<u>21,106,481</u>
Total financial assets	26,356,574	24,743,764
Donor-imposed restrictions		
Restricted funds	197,867	319,669
Endowments	1,814,288	1,702,828
Beneficial interest in trusts	<u>1,950,158</u>	<u>1,596,439</u>
Net financial assets after donor imposed restrictions	<u>22,394,261</u>	<u>21,124,828</u>
Internal designations		
Operating reserve	<u>20,379,335</u>	<u>19,370,632</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,014,926</u>	<u>\$ 1,754,196</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

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, 2025 and 2024:

	Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2025				
Assets				
Investments				
Money market funds	\$ 233,240	\$ 233,240	\$ -	\$ -
Equity mutual funds				
Domestic	8,715,134	8,715,134	-	-
International	2,246,771	2,246,771	-	-
Fixed income mutual funds				
Diversified taxable	8,471,747	8,471,747	-	-
Credit	874,664	874,664	-	-
Exchange traded funds				
International	502,031	502,031	-	-
Treasury	61,244	61,244	-	-
Alternative mutual hedge funds	1,133,767	1,133,767	-	-
Total investments	<u>22,238,598</u>	<u>22,238,598</u>	<u>-</u>	<u>-</u>
Beneficial interest in trusts	<u>1,950,158</u>	<u>-</u>	<u>-</u>	<u>1,950,158</u>
Total assets	<u>\$ 24,188,756</u>	<u>\$ 22,238,598</u>	<u>\$ -</u>	<u>\$ 1,950,158</u>

City Union Mission, Inc.
Notes to Financial Statements
September 30, 2025 and 2024

	Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
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	<u>21,106,481</u>	<u>21,106,481</u>	<u>-</u>	<u>-</u>
Beneficial interest in trusts	<u>1,596,439</u>	<u>-</u>	<u>-</u>	<u>1,596,439</u>
Total assets	<u>\$ 22,702,920</u>	<u>\$ 21,106,481</u>	<u>\$ -</u>	<u>\$ 1,596,439</u>

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, 2025 and 2024.

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.

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.

City Union Mission, Inc.
Notes to Financial Statements
September 30, 2025 and 2024

Unobservable (Level 3) Inputs

The following tables present quantitative information about unobservable inputs used in recurring Level 3 fair value measurements at September 30, 2025 and 2024.

	Fair Value at 2025	Valuation Technique	Unobservable Inputs
Beneficial interest in trusts	\$ 1,950,158	Discounted cash	Present value of estimated future cash flows
	Fair Value at 2024	Valuation Technique	Unobservable Inputs
Beneficial interest in trusts	\$ 1,596,439	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, 2025 and 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, 2025 and 2024 is \$517,000 and \$1,504,000, respectively.

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 February 29, 2028. 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. 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 \$692,557 and \$708,442 for the years ended September 30, 2025 and 2024, respectively.

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 November 11, 2009. This total loan grant of \$468,000 was drawn down in 2009. This loan grant does not have an interest requirement or repayment terms and is expected to be forgiven in 2026 upon all FHLB conditions being met. The loan grant was recognized as grant revenue when received.

City Union Mission, Inc.
Notes to Financial Statements
September 30, 2025 and 2024

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.

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 2035. 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.

City Union Mission, Inc.
Notes to Financial Statements
September 30, 2025 and 2024

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, 2025 and 2024 is:

	<u>2025</u>	<u>2024</u>
Lease cost		
Operating lease cost	\$ 961,431	\$ 838,600
Variable lease cost	364,388	318,880
	<u>\$ 1,325,819</u>	<u>\$ 1,157,480</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 930,424	\$ 824,332
Adjustments to right-of-use assets and operating lease liabilities due to lease modifications	1,099,761	-
Weighted-average remaining lease term		
Operating leases	7.28 years	6.00 years
Weighted-average discount rate		
Operating leases	3.91%	3.96%

Future minimum lease payments and reconciliation to the statement of financial position at September 30, 2025, are as follows:

2026	\$ 887,282
2027	658,701
2028	650,315
2029	603,145
2030	600,801
Thereafter	<u>1,590,103</u>
Total future undiscounted cash flows	4,990,347
Less: present value discount	<u>(666,967)</u>
Lease liabilities	<u>\$ 4,323,380</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. During the year ended September 30, 2024, the Mission determined it incurred qualifying wages and filed for credits in the amount of \$1,006,537 associated with the ERC, but did not record any income or corresponding receivable, as management concluded all conditions had not been met. During the year ended September 30, 2025, the Mission recognized the full \$1,006,537 plus additional interest of \$289,056 as miscellaneous income in the statement of activities as it determined all conditions had been met and the requisite statute of limitations had passed. 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, 2025 and 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 26, 2026, which is the date the financial statements were available to be issued.

In November 2025, the Mission closed down one of its thrift store locations.

In December 2025, the Mission entered into a sales contract for its property held for sale at year end with an anticipated close date in March 2026. The property was written down to the sales prices less costs to sell.

Supplementary Information

City Union Mission, Inc.
Schedule of Contributed Services and Gifts-In-Kind
Year Ended September 30, 2025
(With Summarized Information for the Year Ended September 30, 2024)

	<u>Warehouse</u>	<u>Men's Ministry</u>	<u>Warsaw Programs</u>	<u>Thrift Stores</u>	<u>Women and Family Programs</u>	<u>Facilities</u>	<u>General and Administrative</u>	<u>Development</u>	<u>2025 Total</u>	<u>2024 Total</u>
Clothing	\$ 45,231	\$ 985	\$ -	\$ -	\$ 240	\$ -	\$ 315	\$ -	\$ 46,771	\$ 109,021
Food	181,616	1,353	1,639	-	1,588	-	-	-	186,196	576,710
Paper products	2,370	-	-	-	-	-	-	-	2,370	32,061
Supplies	28,181	33	-	-	-	-	1,187	-	29,401	8,655
Miscellaneous	48,785	10	-	-	1,627	14,559	5,881	33	70,895	53,636
Professional services	-	-	-	-	-	7,687	12,150	-	19,837	26,115
Advertising	-	-	-	-	-	-	-	3,719	3,719	22,880
Public education	-	-	-	-	-	-	-	-	-	4,267
Furniture and household items	11,115	1,191	-	-	17,828	-	30	-	30,164	85,208
Christmas/Thanksgiving baskets	1,454	-	-	-	1,834	-	-	-	3,288	143,124
Equipment/Fixed assets	-	-	-	-	-	3,815	64,120	-	67,935	17,271
Thrift store sale items for resale	-	-	-	8,350,716	-	-	-	-	8,350,716	8,594,626
	<u>\$ 318,752</u>	<u>\$ 3,572</u>	<u>\$ 1,639</u>	<u>\$ 8,350,716</u>	<u>\$ 23,117</u>	<u>\$ 26,061</u>	<u>\$ 83,683</u>	<u>\$ 3,752</u>	<u>\$ 8,811,292</u>	<u>\$ 9,673,574</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 25,547 hours in 2025 and 50,740 hours in 2024, 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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Individuals	\$ 5,447,482	\$ 7,457,454
Bequests, gifts and annuities	1,227,748	1,406,760
Churches/civic groups	260,979	294,662
Business support	1,554,823	1,444,418
Foundations	2,126,001	2,213,764
Other	1,143	2,351
	<u>\$ 10,618,176</u>	<u>\$ 12,819,409</u>