



Financial Statements

Years Ended June 30, 2018 and 2017



Financial Statements
Years Ended June 30, 2018 and 2017

Atlanta Union Mission Corporation

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Independent Auditor's Report

To the Directors of
Atlanta Union Mission Corporation
Atlanta, Georgia

We have audited the accompanying financial statements of Atlanta Union Mission Corporation ("AUM"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AUM as of June 30, 2018 and 2017, 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.

BDO USA, LLP

Atlanta, Georgia
October 29, 2018

Financial Statements

Atlanta Union Mission Corporation

Statements of Financial Position

<i>June 30,</i>	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,719,975	\$ 2,875,629
Bequest Receivable	2,123,578	-
Inventory	285,046	314,229
Prepaid expenses and other assets	119,193	130,535
Total Current Assets	5,247,792	3,320,393
Other Assets		
Deposits	50,792	50,792
Long-term investment	1,536	1,536
Endowment fund (Note 1)	17,485,452	17,692,948
Total Other Assets	17,537,780	17,745,276
Property, Buildings and Equipment - Net (Note 2)	19,271,173	19,392,571
Total Assets	\$ 42,056,745	\$ 40,458,240
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 700,042	\$ 386,821
Current portion of long-term debt (Note 3)	13,517	36,214
Short-term deferred income (Note 10)	5,050	5,051
Total Current Liabilities	718,609	428,086
Long-Term Liabilities		
Long-term debt, net of current portion (Note 3)	-	12,196
Long-term deferred income (Note 10)	482,323	487,373
Total Liabilities	1,200,932	927,655
Commitments and Contingencies (Note 8)		
Net Assets		
Unrestricted		
Designated by the Board (Note 4)	10,247,874	10,610,656
Undesignated	22,184,109	20,721,829
Total unrestricted	32,431,983	31,332,485
Donor restricted		
Temporarily (Note 5)	7,373,830	7,148,100
Permanently (Note 6)	1,050,000	1,050,000
Total Net Assets	40,855,813	39,530,585
Total Liabilities and Net Assets	\$ 42,056,745	\$ 40,458,240

See accompanying organization and summary of significant accounting policies and notes to financial statements.

Atlanta Union Mission Corporation

Statements of Activities

	June 30, 2018			June 30, 2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues								
Support:								
Contributions	\$ 13,071,862	\$ 239,288		\$ 13,311,150	\$ 10,942,583	\$ 184,400	\$ -	\$ 11,126,983
Donated goods received	3,884,354			3,884,354	3,437,116	-	-	3,437,116
Satisfaction of program restrictions	532,801	(532,801)		-	611,365	(611,365)	-	-
Total support	17,489,017	(293,513)	-	17,195,504	14,991,064	(426,965)	-	14,564,099
Revenues								
Program related income	484,056			484,056	534,661	-	-	534,661
Interest and dividend income	211,515	146,238		357,753	188,501	135,272	-	323,773
Sales of donated, purchased and crafted goods	2,134,209			2,134,209	2,109,108	-	-	2,109,108
Other income	11,784			11,784	10,843	-	-	10,843
Total revenues	2,841,564	146,238	-	2,987,802	2,843,113	135,272	-	2,978,385
Total support and revenues	20,330,581	(147,275)	-	20,183,306	17,834,177	(291,693)	-	17,542,484
Expenses								
Addiction recovery and homeless programs	(11,453,860)	-	-	(11,453,860)	(10,221,639)	-	-	(10,221,639)
Thrift ministry	(3,548,200)	-	-	(3,548,200)	(3,406,786)	-	-	(3,406,786)
General and administrative	(1,734,060)	-	-	(1,734,060)	(1,480,179)	-	-	(1,480,179)
Fund raising and development, donor cultivation	(3,004,771)	-	-	(3,004,771)	(2,882,733)	-	-	(2,882,733)
Total expenses	(19,740,890)	-	-	(19,740,890)	(17,991,337)	-	-	(17,991,337)
Realized/unrealized gains on investments	509,807	373,005	-	882,812	900,971	659,257	-	1,560,228
Loss on sale of land	-	-	-	-	(98,810)	-	-	(98,810)
Total expenses and gains (losses)	(19,231,083)	373,005	-	(18,858,078)	(17,189,176)	659,257	-	(16,529,919)
Change in Net Assets	1,099,498	225,730	-	1,325,228	645,001	367,564	-	1,012,565
Net Assets, beginning of year	31,332,485	7,148,100	1,050,000	39,530,585	30,687,484	6,780,536	1,050,000	38,518,020
Net Assets, end of year	\$ 32,431,983	\$ 7,373,830	\$ 1,050,000	\$ 40,855,813	\$ 31,332,485	\$ 7,148,100	\$ 1,050,000	\$ 39,530,585

See accompanying organization and summary of significant accounting policies and notes to financial statements.

Atlanta Union Mission Corporation

Statements of Functional Expenses

Year ended June 30, 2018

	<i>Addiction Recovery and Homeless Programs</i>	<i>Thrift Ministry</i>	<i>General and Administrative</i>	<i>Fund Raising and Development, Donor Cultivation</i>	<i>Total Expenses</i>
Operating Expenses					
Costs of generating support	\$ -	\$ 122,196	\$ 675	\$ 1,789,802	\$ 1,912,673
Costs of generating support - In-Kind ⁽²⁾	-	1,900,019	-	21,034	1,921,053
Salary and payroll tax	5,041,383	732,686	662,489	812,963	7,249,521
Employee benefits	680,623	66,333	64,195	108,758	919,909
Other human resources costs	133,062	7,422	57,068	10,419	207,970
Food costs	913,478	-	-	-	913,478
Other program costs	1,471,543	-	-	-	1,471,543
Rent	25,000	394,253	-	-	419,253
Facilities maintenance	570,678	29,137	52,615	-	652,430
Utilities	1,229,187	172,597	27,403	187,537	1,616,724
General insurance	83,219	29,775	48,144	-	161,138
Office equipment, supplies and postage	158,676	20,802	242,874	31,240	453,592
Licenses, fees, dues and subscriptions	6,881	1,123	170,028	6,488	184,520
Professional services	48,692	2,820	311,457	1,688	364,657
Autos, meals and travel	136,756	30,461	39,106	23,590	229,913
Depreciation	954,682	38,576	58,006	11,252	1,062,516
Total operating expenses	\$ 11,453,860	\$ 3,548,200	\$ 1,734,060	\$ 3,004,771	\$ 19,740,890
Total program service expenses⁽¹⁾	\$ 15,002,060				

See accompanying organization and summary of significant accounting policies and notes to financial statements.

(1) Includes Addiction Recovery and Homeless Programs and Thrift Ministry expenses.

(2) AUM receives donations of goods that are later sold at its thrift stores. In-kind support represents the value of donated goods.

Atlanta Union Mission Corporation

Statements of Functional Expenses

Year ended June 30, 2017

	Addiction Recovery and Homeless Programs	Thrift Ministry	General and Administrative	Fund Raising and Development, Donor Cultivation	Total Expenses
Operating Expenses					
Costs of generating support	\$ -	\$ 125,472	\$ 1,824	\$ 1,797,077	\$ 1,924,373
Costs of generating support - In-Kind ⁽²⁾	-	1,762,365	-	52,290	1,814,655
Salary and payroll tax	4,385,623	698,488	621,889	824,097	6,530,097
Employee benefits	625,935	68,057	69,540	104,984	868,516
Other human resources costs	117,785	4,938	33,563	6,464	162,750
Food costs	904,804	-	-	-	904,804
Other program costs	1,010,174	-	-	-	1,010,174
Rent	25,000	384,873	-	-	409,873
Facilities maintenance	555,961	28,590	42,911	-	627,462
Utilities	1,148,495	178,341	126,628	35,785	1,489,249
General insurance	79,022	32,594	49,176	-	160,792
Office equipment, supplies and postage	175,955	11,467	108,836	31,806	328,064
Licenses, fees, dues and subscriptions	5,393	949	153,331	6,276	165,949
Professional services	81,589	1,302	183,469	-	266,360
Autos, meals and travel	170,178	33,730	34,976	23,954	262,838
Depreciation	935,725	75,620	54,036	-	1,065,381
Total operating expenses	\$ 10,221,639	\$ 3,406,786	\$ 1,480,179	\$ 2,882,733	\$ 17,991,337
Total program service expenses⁽¹⁾		\$ 13,628,425			

See accompanying organization and summary of significant accounting policies and notes to financial statements.

(1) Includes Addiction Recovery and Homeless Programs and Thrift Ministry expenses.

(2) AUM receives donations of goods that are later sold at its thrift stores. In-kind support represents the value of donated goods.

Atlanta Union Mission Corporation

Statements of Cash Flows

<i>Year ended June 30,</i>	2018	2017
Cash Flows from Operating Activities		
Increase in net assets	\$ 1,325,228	\$ 1,012,565
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Loss on sale of land	-	98,810
Investment gain on investments in endowment fund	(882,812)	(1,560,228)
Depreciation	1,062,516	1,065,381
Noncash rental income	(5,050)	(5,051)
Changes in assets and liabilities:		
Bequest Receivable	(2,123,578)	
Inventory	29,183	(34,600)
Long-term investments	-	(1,536)
Prepaid expenses and other assets	11,342	9,466
Accounts payable and accrued expenses	313,221	(210,221)
Net cash (used in) provided by operating activities	(269,950)	374,586
Cash Flows from Investing Activities		
Purchase of investments	(346,093)	(320,141)
Cash transfer from endowment to operating account	1,441,143	855,000
Unrestricted donation deposited into endowment	(4,741)	-
Proceeds from sale of land	-	60,000
Payments for capital additions and construction in progress	(941,120)	(352,232)
Net cash provided by investing activities	149,189	242,627
Cash Flows from Financing Activity		
Payments of long-term debt	(34,893)	(33,057)
Net (Decrease) Increase in Cash and Cash Equivalents	(155,654)	584,156
Cash and Cash Equivalents, beginning of year	2,875,629	2,291,473
Cash and Cash Equivalents, end of year	\$ 2,719,975	\$ 2,875,629

See accompanying organization and summary of significant accounting policies and notes to financial statements.

Atlanta Union Mission Corporation

Organization and Summary of Significant Accounting Policies

Organization and Operations

Atlanta Union Mission Corporation (“AUM” or “Organization”) is incorporated in the state of Georgia. AUM is classified as a tax exempt entity. AUM has no authorized or issued capital stock.

AUM works to end homelessness one person at a time via a holistic approach - addressing the physical, emotional, and spiritual needs of our clients. The Organization offers meals, shelter and clothing to men, women and children through day, overnight and emergency services. For those seeking long term residential services, AUM offers individual and group counseling, life skills classes, case management, connection to job training programs and housing placement assistance. For men completing the program, AUM provides transitional housing as they increase their income and seek permanent housing.

AUM’s emergency shelter and residential recovery program are free of charge. Clients in the transitional housing phase of the program pay a small program fee which is included in program related income.

AUM also operates five thrift stores in metropolitan Atlanta and northeast Georgia.

New Accounting Pronouncements to be Adopted

The FASB has issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, that changes how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. The ASU requires amended presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: Net Asset Classes; Investment Return; Expenses; Liquidity and Availability of Resources; and Presentation of Operating Cash Flows. The amendments are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Organization is currently reviewing the impact of this Update to the Organization’s financial statements.

The FASB has issued its new lease accounting guidance in Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: A lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and A right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, Revenue from Contracts with Customers. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2019 (i.e., January 1, 2020, for a calendar year entity). Early application is permitted for all nonpublic business entities upon issuance. The Organization is currently reviewing the impact of this Update to the Organization’s financial statements.

Atlanta Union Mission Corporation

Organization and Summary of Significant Accounting Policies

The FASB has issued Accounting Standards Update (ASU) No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date. In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). The amendments in ASU 2015-14 defer the effective date of ASU 2014-09 for all entities by one year. Public business entities, certain not-for-profit entities, and certain employee benefit plans should apply the guidance in ASU 2014-09 to annual reporting periods beginning after December 15, 2017. All other entities should apply the guidance in ASU 2014-09 to annual reporting periods beginning after December 15, 2018. The Organization is currently reviewing the impact of the ASU 2014-09 to the Organization's financial statements.

Recently Adopted Accounting Standards

The FASB issued ASU 2015-07, "Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share." ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient and removes the requirement to make certain disclosures for these investments. The guidance became effective for fiscal years beginning after December 15, 2016 and should be applied retrospectively. As a result, the investments measured at net asset value as a practical expedient as of June 30, 2017 were removed from the fair value leveling table.

Income Taxes

AUM is a non-profit entity exempt from taxation under Internal Revenue Code Section 501(c)(3). Accordingly, income taxes are not provided for in the accompanying financial statements.

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740-10, *Accounting for Uncertainty in Income Taxes*, the Organization recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Organization recognizes interest and penalties associated with tax positions, if any, as a component of general and administrative expenses.

Cash and Cash Equivalents

For purposes of the statements of cash flows, AUM considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. At times throughout the year, the account balances may exceed the Federal Deposit Insurance Corporation ("FDIC") insured limits. The insurance coverage is \$250,000 per depositor at each financial institution. As of June 30, 2018 and 2017, cash balances in excess of insured limits were \$2,024,456 and \$1,449,052, respectively.

Atlanta Union Mission Corporation

Organization and Summary of Significant Accounting Policies

Fair Value of Financial Instruments

Financial instruments are stated at fair value.

The Organization accounts for financial instruments in accordance with ASC 820, *Fair Value Measurements and Disclosures*. The Organization classifies its equity and debt securities as trading securities. These securities are carried at fair value, with the unrealized gains and losses reported as a component of realized/unrealized gains on investments in the statements of activities. Generally these securities have readily determinable values and, therefore, are marked to market based on quoted prices in active markets. Dividend and interest income are recognized when declared or earned.

ASC 820 requires that fair value measurements be classified and disclosed in one of the following three categories:

Level 1 Quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date.

Level 2 Inputs other than quoted prices in active markets that is observable for the asset or liability, either directly or indirectly.

Level 3 Inputs that are unobservable for the asset or liability.

The fair value measurements of our investment securities are identified in the following table:

<i>June 30, 2018</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Bond funds	\$ 4,347,626	\$ -	\$ -	\$ 4,347,626
Stock funds	11,598,403	-	-	11,598,403
Money market funds	370,265	-	-	370,265
Real estate and commodity funds	951,892	-	-	951,892
Closely held stock	-	-	1,536	1,536
Total investments at fair value	\$ 17,268,186	\$ -	\$ 1,536	\$ 17,269,722
Hedge fund ^(a)				143,280
Hedge fund ^(b)				73,986
Total investments				\$ 17,486,988

Atlanta Union Mission Corporation

Organization and Summary of Significant Accounting Policies

<i>June 30, 2017</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Bond funds	\$ 2,991,303	\$ -	\$ -	\$ 2,991,303
Stock funds	10,496,084	-	-	10,496,084
Money market funds	326,655	-	-	326,655
Real estate and commodity funds	699,388	-	-	699,388
Closely held stock	-	-	1,536	1,536
Total investments at fair value	\$ 14,513,430	\$ -	\$ 1,536	\$ 14,514,966
Hedge fund ^(a)				1,041,606
Hedge fund ^(b)				2,137,912
Total investments				\$ 17,694,484

(a) This pertains to investment in a hedge fund that invests in an equity long/short focused portfolio of assets. The fund operates as a "Fund of Funds," investing, either directly or indirectly, in a group of funds or other pooled investment vehicles. The fair value has been estimated using the net asset value per share of the investments, as a practical expedient. There are no restrictions and no unfunded commitments.

(b) This pertains to investment in a hedge fund that invests in a diversified portfolio of assets. The fund operates as a "Fund of Funds," investing, either directly or indirectly, in a group of funds or other pooled investment vehicles. The fair value has been estimated using the net asset value per share of the investments, as a practical expedient. There are no restrictions and no unfunded commitments.

The following is a reconciliation of the beginning and ending balances for Level 3 investments during the fiscal year ended June 30, 2018.

	<i>Closely Held Stock</i>
Beginning balance	\$ 1,536
Total Funds	\$ 1,536

The following is a reconciliation of the beginning and ending balances for Level 3 securities during the fiscal year ended June 30, 2017.

	<i>Closely Held Stock</i>
Beginning balance	-
Receipt of stock held for sale	1,536
Total Funds	\$ 1,536

Inventory

Inventory consists principally of donated clothing and household goods. These goods are valued at their estimated realizable value.

Atlanta Union Mission Corporation

Organization and Summary of Significant Accounting Policies

Property, Buildings and Equipment

Property, buildings and equipment are recorded at purchase price, construction cost or fair market value, if donated. All property, buildings, and equipment purchased in excess of \$2,500 are capitalized. Preconstruction costs and construction-in-progress are capitalized as the costs are incurred. Depreciation is provided on the straight-line method at annual rates ranging from 15 to 40 years for buildings and improvements, 5 to 7 years for furniture and equipment, 5 years for vehicles and 3 years for computers. No depreciation is charged for construction in progress and preconstruction costs until the specific construction project has been completed.

Contributions

Contributions are recognized when a donor makes a promise to give to AUM that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization accounts for non-cash contributions at fair market value.

Contributed Services and Donated Materials (In - Kind)

Contributions of services are recognized at fair value if the services received create or enhance nonfinancial assets, or if the services require specialized skills that are provided by individuals possessing such skills that would typically need to be purchased if not provided by donation.

Donated materials are reflected as contributions at their estimated fair values on the date of receipt.

AUM may receive a number of donations of various shares of stocks. Absent specific donor instructions concerning the disposition of such assets, AUM's policy is to sell all stock donations immediately. The value of the donor's gift is determined by the average of the published high and low selling prices of stock for the day it was received.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and activities of AUM have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the programs and supporting services benefited, as is presented in the statements of functional expenses.

Atlanta Union Mission Corporation

Notes to Financial Statements

1. Endowment Fund

AUM's endowment consists of one individual fund established by a donor restriction. The Endowment also includes funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of Atlanta Union Mission has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization has classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by AUM in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment net assets composition by type of fund as of June 30, 2018 and 2017:

June 30, 2018

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Donor-restricted endowment funds	\$ -	\$ 7,187,578	\$ 1,050,000	\$ 8,237,578
Board-designated endowment funds	9,247,874			9,247,874
Total Funds	\$ 9,247,874	\$ -	\$ -	\$ 17,485,452

Atlanta Union Mission Corporation

Notes to Financial Statements

June 30, 2017

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Donor-restricted endowment funds	\$ -	\$ 7,032,292	\$ 1,050,000	\$ 8,082,292
Board-designated endowment funds	9,610,656	-	-	9,610,656
Total Funds	\$ 9,610,656	\$ 7,032,292	\$ 1,050,000	\$ 17,692,948

Changes in endowment net assets for the fiscal years ended June 30, 2018 and 2017:

June 30, 2018

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Endowment net assets, beginning of year	\$ 9,610,656	\$ 7,032,293	\$ 1,050,000	17,692,949
Investment income	199,855	146,238		346,093
Net appreciation (realized and unrealized)	509,807	373,005		882,812
Total investment return	10,320,318	7,551,536	1,050,000	18,921,854
Contributions	4,741	-	-	4,741
Other changes:				
Disbursements to operating funds	(1,077,185)	(363,958)		(1,441,143)
Total Funds	\$ 9,247,874	\$ 7,187,578	\$ 1,050,000	\$ 17,485,452

June 30, 2017

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Endowment net assets, beginning of year	\$ 9,018,545	\$ 6,599,034	\$ 1,050,000	16,667,579
Investment income	184,869	135,272	-	320,141
Net appreciation (realized and unrealized)	900,971	659,257	-	1,560,228
Total investment return	10,104,385	7,393,563	1,050,000	18,547,948
Contributions	-	-	-	-
Other changes:				
Disbursements to operating funds	(493,729)	(361,271)	-	(855,000)
Total Funds	\$ 9,610,656	\$ 7,032,292	\$ 1,050,000	\$ 17,692,948

Atlanta Union Mission Corporation

Notes to Financial Statements

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted and temporarily restricted net assets.

Return Objectives and Risk Parameters

AUM has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Finance Committee of the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results allowing the Organization to maintain an above-average market performance and stable returns on its investments. The endowment fund consists of equity securities and fixed income securities.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, AUM relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). AUM 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.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

In fiscal year 2016, AUM adopted the Yale Formula which provides a stable spend rate over time. The Yale Formula uses three inputs (prior year spend, prior year inflation and prior year portfolio balance). The Yale Formula weights the prior year portfolio at thirty percent multiplied by the target spend rate of five percent and weights the prior year spend at seventy percent multiplied by the prior year inflation rate. The adoption of the Yale Formula is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

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Notes to Financial Statements

2. Property, Buildings and Equipment

Property, buildings and equipment consists of:

<i>June 30,</i>	2018	2017
Land	\$ 2,285,214	\$ 1,901,735
Building, improvements and construction in progress	27,868,885	28,515,655
Furniture and equipment	1,331,466	3,643,332
Automobiles and trucks	750,445	1,249,878
Computers	296,625	832,771
	32,532,635	36,143,371
Accumulated depreciation	(13,261,462)	(16,750,800)
	\$ 19,271,173	\$ 19,392,571

3. Debt

During the year ended June 30, 2003, AUM obtained a bank loan to finance the purchase and renovation of a property in Gainesville, Georgia. This property is pledged as collateral against the loan. The total loan facility was \$500,000. The unused portion of the facility expired on September 30, 2003, with a final maturity date of October 1, 2018. The note carries a fixed interest rate of 5.4%.

Maturities of long-term debt are as follows:

<i>Fiscal year ending June 30,</i>	Amount
2019	\$ 13,517
2020	-
	\$ 13,517

4. Designated Unrestricted Net Assets

AUM's Board of Directors had designated unrestricted net assets for the following purposes:

<i>June 30,</i>	2018	2017
Operating reserve	\$ 1,000,000	\$ 1,000,000
Other board designations	9,247,874	9,610,656
	\$ 10,247,874	\$ 10,610,656

The operating reserve is set by the Board at \$1,000,000.

Atlanta Union Mission Corporation

Notes to Financial Statements

5. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes:

<i>June 30,</i>	2018	2017
Men's division (Lee Edwards Candler Endowment)	\$ 7,187,578	\$ 7,032,292
Construction of buildings and improvements	186,252	115,808
	<u>\$ 7,373,830</u>	<u>\$ 7,148,100</u>

Pursuant to a bequest by the late Mrs. Lee Edwards Candler (in memory of Flora Glenn Candler), AUM established a temporary restricted fund for capital acquisitions in support of the services of its men's programs. Since a capital project has not yet been approved, AUM is treating these funds as a temporary restricted endowment until they are used towards an appropriate memorial honoring Flora Glenn Candler. In the interim, income from this endowment is temporarily restricted and is being appropriated on an annual basis within the Yale Formula spend rate to provide support for Men's Services (see Note 1).

6. Permanently Restricted Net Assets

Permanently restricted net assets consist of endowment trust corpus of \$1,050,000 as of June 30, 2018 and 2017.

Of the trust corpus, \$300,000 represents an endowment from an estate. Income under the endowment is used to defray women's division operating costs.

Of the trust corpus, \$250,000 represents a maintenance endowment funded by a private charitable foundation. Income under the endowment is used to defray property maintenance costs throughout AUM's divisions.

Of the trust corpus, \$500,000 represents an additional maintenance endowment funded by a private charitable foundation. Income has been directed to be used to defray ongoing maintenance costs at The Potter's House facility.

7. Retirement Plans

On January 1, 1997, AUM adopted a discretionary retirement plan under Section 403(b) of the Internal Revenue Code, covering substantially all employees. AUM can make annual discretionary contributions for eligible employees, as defined in the Plan. Annual contributions made by AUM totaling approximately \$245,375 and \$245,052, are reflected as expenses in the accompanying financial statements in 2018 and 2017, respectively.

Atlanta Union Mission Corporation

Notes to Financial Statements

8. Non-cancellable Operating Leases

AUM is the lessee under various non-cancelable leasing arrangements for certain equipment and thrift store locations. Minimum annual lease payments under the agreements are as follows:

<i>Fiscal year ending June 30,</i>	<i>Amount</i>
2019	\$ 175,698
2020	15,000
2021	-
	<hr/>
	\$ 190,698

9. Deferred Income

AUM formerly leased a parcel of land at The Potters House farm to a telecommunications company for a cell tower location. In fiscal year 2016, AUM entered a 99 year lease agreement with the company, effective January 1, 2016. In consideration of the lease, AUM received a one-time payment of \$500,000 in January 2016 and recorded as deferred revenue to be recognized over the period of the lease. As of June 30, 2018 the balance of deferred revenue is \$487,373.

10. Subsequent Events

In accordance with ASC 855, *Subsequent Events*, the Organization evaluated subsequent events through October 29, 2018, the date these financial statements were available for issuance.

During fiscal year 2018, AUM was notified of a \$2,123,578 bequest pending the settlement of the estate. The bequest was recorded as donation revenue and bequest receivable in fiscal year 2018. The funds were received on August 9, 2018.