



## Financial Statements

Years Ended June 30, 2019 and 2018



**Financial Statements**  
Years Ended June 30, 2019 and 2018

# 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, 2019 and 2018, 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



*Emphasis of Matter*

As discussed in the Organization and Summary of Significant Accounting Policies to the consolidated financial statements, in the year ended June 30, 2019, AUM adopted new accounting guidance Financial Accounting Standards Board Accounting Standard Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

*BDO USA, LLP*

Atlanta, Georgia  
November 8, 2019

## Financial Statements

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# Atlanta Union Mission Corporation

## Statements of Financial Position

<i>June 30,</i>	2019	2018
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 5,586,036	\$ 2,719,975
Bequest receivable	-	2,123,578
Contributions receivable	85,529	-
Capital campaign contributions receivable, current (Note 2)	579,703	-
Inventory	269,854	285,046
Prepaid expenses and other assets	140,034	119,193
<b>Total Current Assets</b>	<b>6,661,156</b>	<b>5,247,792</b>
<b>Other Assets</b>		
Deposits	50,792	50,792
Long-term investment	1,536	1,536
Endowment fund investments (Note 1)	17,452,123	17,485,452
Capital campaign contributions receivable, long-term (Note 2)	565,979	-
<b>Total Other Assets</b>	<b>18,070,430</b>	<b>17,537,780</b>
<b>Property, Buildings and Equipment, Net (Note 3)</b>	<b>22,571,977</b>	<b>19,271,173</b>
<b>Total Assets</b>	<b>\$ 47,303,563</b>	<b>\$ 42,056,745</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 686,370	\$ 700,042
Current portion of long-term debt (Note 4)	-	13,517
Short-term deferred income (Note 9)	5,050	5,050
<b>Total Current Liabilities</b>	<b>691,420</b>	<b>718,609</b>
<b>Long-Term Liabilities</b>		
Long-term deferred income (Note 9)	477,273	482,323
<b>Total Liabilities</b>	<b>1,168,693</b>	<b>1,200,932</b>
<b>Commitments and Contingencies</b>		
<b>Net Assets</b>		
Without donor restrictions (Note 5)	34,675,677	32,431,983
With donor restrictions (Note 6)	11,459,193	8,423,830
<b>Total Net Assets</b>	<b>46,134,870</b>	<b>40,855,813</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 47,303,563</b>	<b>\$ 42,056,745</b>

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

# Atlanta Union Mission Corporation

## Statements of Activities

	June 30, 2019			June 30, 2018		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<b>Support and Revenues</b>						
Support:						
Contributions	\$ 10,575,653	\$ 3,268,222	\$ 13,843,875	\$ 13,071,862	\$ 239,288	\$ 13,311,150
Donated goods and services	7,280,528	450,242	7,730,770	3,884,354	-	3,884,354
Satisfaction of program restrictions	1,056,271	(1,056,271)	-	532,801	(532,801)	-
<b>Total support</b>	<b>18,912,452</b>	<b>2,662,193</b>	<b>21,574,645</b>	<b>17,489,017</b>	<b>(293,513)</b>	<b>17,195,504</b>
<b>Revenues</b>						
Program related income	376,367	-	376,367	484,056	-	484,056
Interest and dividend income	289,713	194,567	484,280	211,515	146,238	357,753
Sales of donated, purchased and crafted goods	2,242,468	-	2,242,468	2,134,209	-	2,134,209
Other income	41,760	-	41,760	11,784	-	11,784
<b>Total revenues</b>	<b>2,950,308</b>	<b>194,567</b>	<b>3,144,875</b>	<b>2,841,564</b>	<b>146,238</b>	<b>2,987,802</b>
<b>Total support and revenues</b>	<b>21,862,760</b>	<b>2,856,760</b>	<b>24,719,520</b>	<b>20,330,581</b>	<b>(147,275)</b>	<b>20,183,306</b>
<b>Expenses</b>						
Addiction recovery and homeless programs	(11,556,842)	-	(11,556,842)	(11,453,860)	-	(11,453,860)
Thrift ministry	(3,592,910)	-	(3,592,910)	(3,548,200)	-	(3,548,200)
General and administrative	(1,874,493)	-	(1,874,493)	(1,894,193)	-	(1,894,193)
Fund raising and development, donor cultivation	(2,824,662)	-	(2,824,662)	(2,844,637)	-	(2,844,637)
<b>Total expenses</b>	<b>(19,848,907)</b>	<b>-</b>	<b>(19,848,907)</b>	<b>(19,740,890)</b>	<b>-</b>	<b>(19,740,890)</b>
Realized/unrealized gains on investments, net	229,841	178,603	408,444	509,807	373,005	882,812
<b>Total expenses and gains (losses)</b>	<b>(19,619,066)</b>	<b>178,603</b>	<b>(19,440,463)</b>	<b>(19,231,083)</b>	<b>373,005</b>	<b>(18,858,078)</b>
<b>Change in Net Assets</b>	<b>2,243,694</b>	<b>3,035,363</b>	<b>5,279,057</b>	<b>1,099,498</b>	<b>225,730</b>	<b>1,325,228</b>
<b>Net Assets, beginning of year</b>	<b>32,431,983</b>	<b>8,423,830</b>	<b>40,855,813</b>	<b>31,332,485</b>	<b>8,198,100</b>	<b>39,530,585</b>
<b>Net Assets, end of year</b>	<b>\$ 34,675,677</b>	<b>\$ 11,459,193</b>	<b>\$ 46,134,870</b>	<b>\$ 32,431,983</b>	<b>\$ 8,423,830</b>	<b>\$ 40,855,813</b>

*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, 2019*

		<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>
<b>Operating Expenses</b>						
Costs of generating support	\$	-	\$ 127,887	\$	-	\$ 1,583,588
Costs of generating support - In-Kind <sup>(2)</sup>		-	1,933,395	-	-	1,933,395
Salary and payroll tax		5,310,995	760,182	753,481	1,017,499	7,842,157
Employee benefits		743,992	80,145	70,194	106,590	1,000,921
Other human resources costs		119,264	7,444	32,999	11,317	171,024
Food costs		820,675	-	-	-	820,675
Other program costs		1,409,393	-	-	-	1,409,393
Rent		22,916	368,517	-	-	391,433
Facilities maintenance		516,312	40,939	36,355	-	593,606
Utilities		1,055,627	162,507	141,660	24,182	1,383,976
General insurance		119,197	4,255	48,713	-	172,165
Office equipment, supplies and postage		145,199	13,972	218,019	30,145	407,335
Licenses, fees, dues and subscriptions		5,858	14,813	228,848	14,179	263,698
Professional services		176,754	-	262,335	690	439,779
Autos, meals and travel		136,257	46,285	30,661	36,472	249,675
Depreciation		974,403	32,569	51,228	-	1,058,200
<b>Total operating expenses</b>	<b>\$</b>	<b>11,556,842</b>	<b>\$ 3,592,910</b>	<b>\$ 1,874,493</b>	<b>\$ 2,824,662</b>	<b>\$ 19,848,907</b>
<b>Total program service expenses<sup>(1)</sup></b>			<b>\$ 15,149,752</b>			

*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, 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>
<b>Operating Expenses</b>					
Costs of generating support	\$ -	\$ 122,196	\$ 675	\$ 1,789,802	\$ 1,912,673
Costs of generating support -					
In-Kind <sup>(2)</sup>	-	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	57,067	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	187,537	27,403	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
<b>Total operating expenses</b>	<b>\$ 11,453,860</b>	<b>\$ 3,548,200</b>	<b>\$ 1,894,193</b>	<b>\$ 2,844,637</b>	<b>\$ 19,740,890</b>
<b>Total program service expenses<sup>(1)</sup></b>		<b>\$ 15,002,060</b>			

*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>	2019	2018
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 5,279,057	\$ 1,325,228
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Investment gain on investments in endowment fund	(408,444)	(882,812)
Depreciation	1,058,200	1,062,516
Noncash income from in-kind donation of land and property	(3,607,469)	-
Noncash rental income	(5,050)	(5,050)
Changes in assets and liabilities:		
Bequest receivable	2,123,578	(2,123,578)
Contributions receivable	(85,529)	-
Capital campaign contributions receivable	(1,145,682)	-
Inventory	15,192	29,183
Prepaid expenses and other assets	(20,841)	11,342
Accounts payable and accrued expenses	(13,672)	313,221
<b>Net cash (used in) provided by operating activities</b>	<b>3,189,340</b>	<b>(269,950)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(444,907)	(346,093)
Cash transfer from endowment to operating account	886,680	1,441,143
Donation without donor restrictions deposited into endowment	-	(4,741)
Payments for capital additions and construction in progress	(751,535)	(941,120)
<b>Net cash provided by investing activities</b>	<b>(309,762)</b>	<b>149,189</b>
<b>Cash Flows from Financing Activity</b>		
Payments of long-term debt	(13,517)	(34,893)
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>2,866,061</b>	<b>(155,654)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>2,719,975</b>	<b>2,875,629</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 5,586,036</b>	<b>\$ 2,719,975</b>

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

# Atlanta Union Mission Corporation

## Organization and Summary of Significant Account Policies

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### 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 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, 2020 (i.e., January 1, 2021, 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.

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*

During the year ended June 30, 2019, AUM adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (“ASU 2016-14”). This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three, recognition of capital gifts for construction as a net asset without

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**Organization and Summary of Significant Account Policies**

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donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2018 follows:

Net Assets Classifications	ASU 2016-14 Classifications		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
As previously presented:			
Unrestricted	\$ 32,431,983	\$ -	\$ 32,431,983
Temporarily restricted	-	7,373,830	7,373,830
Permanently restricted	-	1,050,000	1,050,000
Net assets as previously presented	\$ 32,431,983	\$ 8,423,830	\$ 40,855,813

### 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, 2019, and 2018, cash balances in excess of insured limits were \$2,882,596 and \$2,024,456, respectively.

### 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

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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, 2019</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Bond funds	\$ 5,249,432	\$ -	\$ -	\$ 5,249,432
Stock funds	10,627,267	-	-	10,627,267
Money market funds	277,676	-	-	277,676
Real estate and commodity funds	1,216,412	-	-	1,216,412
Closely held stock	-	-	1,536	1,536
<b>Total investments at fair value</b>	<b>\$ 17,370,787</b>	<b>\$ -</b>	<b>\$ 1,536</b>	<b>\$ 17,372,323</b>
Hedge fund <sup>(a)</sup>				8,990
Hedge fund <sup>(b)</sup>				72,346
<b>Total investments</b>				<b>\$ 17,453,659</b>

  

<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
<b>Total investments at fair value</b>	<b>\$ 17,268,186</b>	<b>\$ -</b>	<b>\$ 1,536</b>	<b>\$ 17,269,722</b>
Hedge fund <sup>(a)</sup>				143,280
Hedge fund <sup>(b)</sup>				73,986
<b>Total investments</b>				<b>\$ 17,486,988</b>

<sup>(a)</sup> 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.

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## Organization and Summary of Significant Account Policies

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- (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.

There was no activity to level 3 investments for the years ending June 30, 2019 and 2018.

### Promises to Give

Promises to give are written or oral agreements to contribute in the future, which require sufficient, verifiable documentation to be recognized as revenue. Promises to give that are unconditional are recognized as contributions support (revenue) and contributions receivable in the period in which the promise is received.

Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized as revenue when the conditions on which they depend are substantially met, that is, when a conditional promise becomes unconditional.

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

### Inventory

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

### 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.

### *Net Assets*

The net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions - net assets that are available for use in general operations and results from revenues that were not restricted by donors or the donor-imposed restrictions have expired. The governing board has designated from net assets without donor restrictions, net assets for a board-designated endowment.

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## Organization and Summary of Significant Account Policies

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- Net assets with donor restrictions - net assets that result from contributions and other inflows of assets (such as investment income and gains) whose use by AUM is limited by the donor-imposed stipulations that require AUM use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of AUM. This category also results from contributions and other inflows of assets whose use by AUM is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Board pursuant to those stipulations. However, donors may release the restrictions on net assets with donor restrictions (in perpetuity). Also, under UPMIFA, AUM is allowed to expend net assets with donor restrictions (in perpetuity) if, in the opinion of the Board, such expenditures are prudent in order to preserve the mission of AUM and the intent of the donor.

### 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. 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. Such costs have been allocated using rational cost drivers such as square footage, headcount, and assessment of primary responsibilities.



**Atlanta Union Mission Corporation**  
**Organization and Summary of Significant Account Policies**

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**Liquidity and availability of Financial Resources**

AUM's working capital and cash flows have monthly variations due to the timing of contributions. To manage liquidity, AUM has an operating reserve fund of \$1,000,000 and other Board designated funds of \$9,229,139 as of June 30, 2019. These amounts can be drawn upon if the board approves the action.

The following reflects AUM's financial assets as of the consolidated statements of financial position date available for general operations within on year of the consolidated statements of financial position date. Financial assets include cash and the right to receive cash. Additionally, financial assets include the following Board-approved appropriations from the endowment fund that are available for expenditure within one year.

<i>June 30,</i>	2019	2018
Cash and cash equivalents	\$ 5,586,036	\$ 2,719,975
Bequest receivable	-	2,123,528
Donations receivable	85,529	-
Endowment appropriations available for operations	886,680	1,441,143
Total financial assets at year-end available for general expenditure within one year	\$ 6,558,245	\$ 6,284,646

# Atlanta Union Mission Corporation

## Notes to Financial Statements

### 1. Endowment Fund Investments

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 net assets with donor restrictions (in perpetuity) (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 net assets with donor restrictions (in perpetuity) is classified as net assets with donor restrictions (time or purpose) 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, 2019 and 2018:

*June 30, 2019*

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions (Time or Purpose)</i>	<i>With Donor Restrictions (In Perpetuity)</i>	<i>Total</i>
Donor-restricted endowment funds	\$ -	\$ 7,172,984	\$ 1,050,000	\$ 8,222,984
Board-designated endowment funds	9,229,139	-	-	9,229,139
<b>Total Funds</b>	<b>\$ 9,229,139</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,452,123</b>

# Atlanta Union Mission Corporation

## Notes to Financial Statements

*June 30, 2018*

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions (Time or Purpose)</i>	<i>With Donor Restrictions (In Perpetuity)</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
<b>Total Funds</b>	<b>\$ 9,247,874</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,485,452</b>

Changes in endowment net assets for the fiscal years ended June 30, 2019 and 2018:

*June 30, 2019*

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions (Time or Purpose)</i>	<i>With Donor Restrictions (In Perpetuity)</i>	<i>Total</i>
Endowment net assets, beginning of year	\$ 9,247,874	\$ 7,187,578	\$ 1,050,000	17,485,452
Investment income	250,340	194,567	-	444,907
Net appreciation (realized and unrealized)	229,841	178,603	-	408,444
Total investment return	9,728,055	7,560,748	1,050,000	18,338,803
Contributions	-	-	-	-
Other changes:				
Disbursements to operating funds	(498,916)	(387,764)	-	(886,680)
<b>Total Funds</b>	<b>\$ 9,229,139</b>	<b>\$ 7,172,984</b>	<b>\$ 1,050,000</b>	<b>\$ 17,452,123</b>

# Atlanta Union Mission Corporation

## Notes to Financial Statements

*June 30, 2018*

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions (Time or Purpose)</i>	<i>With Donor Restrictions (In Perpetuity)</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)
<b>Total Funds</b>	<b>\$ 9,247,874</b>	<b>\$ 7,187,578</b>	<b>\$ 1,050,000</b>	<b>\$ 17,485,452</b>

### *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 net assets with donor restrictions. No such deficiencies exist for any reported period.

### *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.

# Atlanta Union Mission Corporation

## Notes to Financial Statements

### *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.

## 2. Capital Campaign Contributions Receivable

In January 2019, AUM embarked on a capital campaign to raise funds to construct a new women and children's shelter in Atlanta. Capital campaign contributions receivable as of June 30, 2019 consist of unconditional promises to give as follows:

<i>June 30,</i>	2019	2018
Capital campaign contributions receivable,		
In cash	\$ 716,060	\$ -
In services	460,269	-
Gross capital campaign contributions receivable	1,176,329	-
Unamortized discount	(30,647)	-
Net capital campaign contributions receivable	1,145,682	-
Amounts due in:		
Less than one year	590,022	-
One to five years	586,307	-
	\$ 1,176,329	\$ -

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a risk-free discount rate of 1.78%. The company has determined there to be little collectability risk given the nature of the donors and accordingly there is no allowance for doubtful pledges recorded as of June 30, 2019.

In June 2019, AUM received a pledge from a foundation which contained certain conditions which must be approved by the foundation. AUM will record the pledge when the conditions are substantially met. AUM expects to receive the following amounts annually, assuming the conditions are met:

FY 2020	\$ 300,000
FY 2021	300,000
Total conditional promises to give	\$ 600,000

# Atlanta Union Mission Corporation

## Notes to Financial Statements

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### 3. Property, Buildings and Equipment

Property, buildings and equipment consists of:

<i>June 30,</i>	2019	2018
Land	\$3,434,675	\$ 2,285,214
Building, improvements and construction in progress	30,741,798	27,868,885
Furniture and equipment	1,396,476	1,331,466
Automobiles and trucks	792,784	750,445
Computers	525,906	296,625
	36,891,639	32,532,635
Accumulated depreciation	(14,319,662)	(13,261,462)
	<b>\$ 22,571,977</b>	<b>\$ 19,271,173</b>

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### 4. 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 was 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 carried a fixed interest rate of 5.4%.

### 5. Net Assets Without Donor Restrictions

Net assets without donor restrictions are comprised of the following:

<i>June 30,</i>	2019	2018
Operating reserve	\$1,000,000	\$ 1,000,000
Other board designations	9,229,139	9,247,874
Undesignated net assets	24,446,538	22,184,109
	<b>\$ 34,675,677</b>	<b>\$ 32,431,983</b>

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

# Atlanta Union Mission Corporation

## Notes to Financial Statements

### 6. Net Assets with Donor Restrictions

Net assets with donor restrictions comprised the following:

<i>June 30,</i>	2019	2018
Net assets with donor restrictions (time or purpose)		
Men's programs	\$ 7,172,984	\$ 7,187,578
Construction of buildings and improvements	3,236,209	186,252
Net assets with donor restrictions (perpetuity)		
Endowment Trust Corpus	1,050,000	1,050,000
	<b>\$ 11,459,193</b>	<b>\$ 8,423,830</b>

Pursuant to a bequest by the late Mrs. Lee Edwards Candler (in memory of Flora Glenn Candler), AUM established a 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 an endowment (net assets with a purpose restriction) until they are used towards an appropriate memorial honoring Flora Glenn Candler. In the interim, income from this endowment is purpose 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).

Of the endowment 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 endowment 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 endowment 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 \$284,920 and \$245,375, are reflected as expenses in the accompanying financial statements in 2019 and 2018, respectively.

# Atlanta Union Mission Corporation

## Notes to Financial Statements

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### 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, 2019</i>	Amount
2020	\$ 230,306
2021	217,647
2022	174,300
	<hr/>
	\$ 622,253

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### 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, 2019, the balance of deferred revenue is \$482,323.

### 10. Subsequent Events

In accordance with ASC 855, *Subsequent Events*, the Organization evaluated subsequent events through November 8, 2019, the date these financial statements were available for issuance.