

ATLANTA UNION MISSION CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

ATLANTA UNION MISSION CORPORATION
TABLE OF CONTENTS
JUNE 30, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statement of Functional Expenses – Year Ended June 30, 2022	6
Consolidated Statement of Functional Expenses – Year Ended June 30, 2021	7
Consolidated Statements of Cash Flows	8
Notes to the Consolidated Financial Statements	9
OTHER INFORMATION	
Consolidating Statement of Financial Position – 2022	26
Consolidating Statement of Activities – 2022	27

INDEPENDENT AUDITORS' REPORT

To the Directors of
Atlanta Union Mission Corporation
Atlanta, Georgia

Opinion

We have audited the accompanying consolidated financial statements of Atlanta Union Mission Corporation (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Atlanta Union Mission Corporation as of June 30, 2022 and 2021, and the changes in their net assets and their 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Atlanta Union Mission Corporation 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based upon 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend upon the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Atlanta Union Mission Corporation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Atlanta Union Mission Corporation'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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Warren Averett, LLC

Atlanta, Georgia
October 20, 2022

ATLANTA UNION MISSION CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS		
	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,245,906	\$ 9,641,350
Restricted cash	631,167	6,119,778
Contributions receivable	7,319	-
Capital campaign contributions receivable	-	676,229
Inventory	196,441	201,148
Prepaid expenses and other assets	232,431	315,575
Total current assets	10,313,264	16,954,080
PROPERTY, BUILDINGS AND EQUIPMENT, NET	35,673,377	33,304,268
OTHER ASSETS		
Deposits	43,928	50,792
Long-term investment	1,536	1,536
Endowment fund investments	21,390,094	21,627,196
Note receivable	12,494,950	12,494,950
Total other assets	33,930,508	34,174,474
TOTAL ASSETS	\$ 79,917,149	\$ 84,432,822
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 778,765	\$ 3,460,802
Short-term deferred revenue	279,050	297,703
Total current liabilities	1,057,815	3,758,505
LONG-TERM LIABILITIES		
Long-term deferred revenue	462,121	467,171
Long-term debt, net	16,671,025	16,278,622
TOTAL LIABILITIES	18,190,961	20,504,298
NET ASSETS		
Without donor restrictions	52,023,210	48,982,364
With donor restrictions	9,702,978	14,946,160
TOTAL NET ASSETS	61,726,188	63,928,524
TOTAL LIABILITIES AND NET ASSETS	\$ 79,917,149	\$ 84,432,822

See notes to the financial statements.

ATLANTA UNION MISSION CORPORATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	June 30, 2022			June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Support						
Contributions	\$15,724,689	\$ 290,564	\$16,015,253	\$14,580,106	\$ 1,727,392	\$16,307,498
Contributions - nonfinancial asset:	2,517,126	48,976	2,566,102	3,646,151	910,795	4,556,946
PPP forgiveness	-	-	-	1,703,400	-	1,703,400
Satisfaction of program restrictions	4,729,598	(4,729,598)	-	11,906,529	(11,906,529)	-
Total support	22,971,413	(4,390,058)	18,581,355	31,836,186	(9,268,342)	22,567,844
Revenue						
Program related income	420,406	-	420,406	346,723	-	346,723
Interest and dividend income	462,249	211,026	673,275	304,533	160,945	465,478
Sales of donated, purchased and crafted goods	1,908,642	-	1,908,642	2,112,982	-	2,112,982
Other income	23,484	-	23,484	26,945	-	26,945
Total revenue	2,814,781	211,026	3,025,807	2,791,183	160,945	2,952,128
TOTAL REVENUE AND SUPPORT	25,786,194	(4,179,032)	21,607,162	34,627,369	(9,107,397)	25,519,972
EXPENSES						
Addiction recovery and homeless programs	11,960,489	-	11,960,489	10,786,277	-	10,786,277
Thrift ministry	3,001,225	-	3,001,225	3,591,564	-	3,591,564
General and administrative	2,303,853	-	2,303,853	1,984,948	-	1,984,948
Fundraising and development, donor cultivation	3,604,887	-	3,604,887	3,415,213	-	3,415,213
TOTAL EXPENSES	20,870,454	-	20,870,454	19,778,002	-	19,778,002
Realized/unrealized (losses) gains on investments, net	(1,352,107)	(1,064,150)	(2,416,257)	2,121,899	1,980,964	4,102,863
(Loss) gain on disposal of fixed assets	(522,787)	-	(522,787)	505	-	505
CHANGE IN NET ASSETS	3,040,846	(5,243,182)	(2,202,336)	16,971,771	(7,126,433)	9,845,338
NET ASSETS AT:						
BEGINNING OF YEAR	48,982,364	14,946,160	63,928,524	32,010,593	22,072,593	54,083,186
END OF YEAR	\$52,023,210	\$ 9,702,978	\$61,726,188	\$48,982,364	\$14,946,160	\$63,928,524

See notes to the financial statements.

ATLANTA UNION MISSION CORPORATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022					2021
	Addiction Recovery and Homeless Programs	Thrift Ministry	General and Administrative	Fundraising and Development, Donor Cultivation	Total Expenses	Total Expenses
Operating expenses						
Costs of generating support	\$ -	\$ 106,843	\$ -	\$ 2,114,488	\$ 2,221,331	\$ 1,991,389
Costs of generating support – in-kind ⁽²⁾	-	1,646,675	-	26,377	1,673,052	1,990,952
Salary and payroll tax	5,918,412	749,389	904,768	1,224,538	8,797,107	7,826,805
Employee benefits	719,114	82,089	86,416	76,828	964,447	1,017,892
Other human resources costs	275,354	9,323	186,232	10,435	481,344	153,357
Food costs	1,162,503	-	-	-	1,162,503	837,127
Other program costs	383,979	-	-	-	383,979	1,300,296
Rent	-	157,807	-	-	157,807	327,219
Facilities maintenance	567,287	9,296	38,605	-	615,188	516,605
Utilities	771,752	81,011	69,508	-	922,271	1,121,358
General insurance	183,951	12,222	64,938	-	261,111	217,277
Office equipment, supplies and postage	287,136	22,712	315,484	61,998	687,330	374,687
Licenses, fees, dues and subscriptions	33,298	37,043	325,093	12,044	407,478	549,087
Professional services	192,613	-	246,291	98	439,002	272,183
Autos, meals and travel	126,681	41,177	13,525	11,961	193,344	127,895
Depreciation expense	1,338,409	45,638	52,993	66,120	1,503,160	1,153,873
Total expenses	<u>\$ 11,960,489</u>	<u>\$ 3,001,225</u>	<u>\$ 2,303,853</u>	<u>\$ 3,604,887</u>	<u>\$ 20,870,454</u>	<u>\$ 19,778,002</u>
Total program service expenses ⁽¹⁾		<u>\$ 14,961,714</u>				

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

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

See notes to the financial statements.

ATLANTA UNION MISSION CORPORATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	2021				
	Addiction Recovery and Homeless Programs	Thrift Ministry	General and Administrative	Fundraising and Development, Donor Cultivation	Total Expenses
Operating expenses					
Costs of generating support	\$ -	\$ 84,914	\$ -	\$ 1,906,475	\$ 1,991,389
Costs of generating support – in-kind ⁽²⁾	-	1,990,952	-	-	1,990,952
Salary and payroll tax	5,064,594	792,594	702,078	1,267,539	7,826,805
Employee benefits	728,667	78,255	91,173	119,797	1,017,892
Other human resources costs	96,150	6,907	40,702	9,598	153,357
Food costs	837,127	-	-	-	837,127
Other program costs	1,300,296	-	-	-	1,300,296
Rent	-	327,219	-	-	327,219
Facilities maintenance	436,500	26,896	53,209	-	516,605
Utilities	822,619	154,366	124,090	20,283	1,121,358
General insurance	133,694	23,097	60,486	-	217,277
Office equipment, supplies and postage	120,323	10,383	230,884	13,097	374,687
Licenses, fees, dues and subscriptions	34,625	27,083	476,716	10,663	549,087
Professional services	135,940	-	136,243	-	272,183
Autos, meals and travel	84,245	33,179	6,747	3,724	127,895
Depreciation expense	991,497	35,719	62,620	64,037	1,153,873
Total expenses	<u>\$ 10,786,277</u>	<u>\$ 3,591,564</u>	<u>\$ 1,984,948</u>	<u>\$ 3,415,213</u>	<u>\$ 19,778,002</u>
Total program service expenses ⁽¹⁾		<u>\$ 14,377,841</u>			

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

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

See notes to the financial statements.

ATLANTA UNION MISSION CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS IN OPERATING ACTIVITIES		
Change in net assets:	\$ (2,202,336)	\$ 9,845,338
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized/unrealized losses (gains) on investments	2,416,257	(4,102,863)
Depreciation expense	1,503,160	1,153,873
Loss (gain) on disposal of fixed assets	522,787	(505)
Noncash income from in-kind donation for construction in progress	(48,976)	(910,795)
Noncash rental income	(5,051)	(5,051)
Contributions restricted for capital acquisition	(90,564)	(1,477,392)
Contributions restricted for long-term purposes	(200,000)	-
Change in assets and liabilities:		
Contributions receivable	(7,319)	30,266
Capital campaign contributions receivable	676,229	7,581,743
Inventory	4,707	89,192
Prepaid expenses and other assets	83,144	(167,852)
Deposits	6,864	-
Accounts payable and accrued expenses	(2,682,037)	(346,158)
Deferred revenue – PPP grant	-	(1,703,400)
Deferred revenue	(18,652)	25,084
Net cash (used in) provided by operating activities	<u>(41,787)</u>	<u>10,011,480</u>
CASH FLOWS IN INVESTING ACTIVITIES		
Purchase of investments	(509,840)	(842,719)
Cash transfer to endowment from operating account	(1,700,000)	(160,000)
Proceeds from sale of investments	30,685	509,378
Proceeds from note receivable	-	(12,494,950)
Payments for capital additions and construction in progress	(4,346,080)	(11,085,177)
Net cash used in investing activities	<u>(6,525,235)</u>	<u>(24,073,468)</u>
CASH FLOWS IN FINANCING ACTIVITIES		
Contributions restricted for capital acquisition	90,564	1,477,392
Contributions restricted for long-term purposes	200,000	-
Amortization of debt issuance costs	23,926	58,705
Payments for debt issuance costs	(131,523)	(670,083)
Payments on long-term debt	-	(1,000,000)
Proceeds from long-term debt	500,000	17,890,000
Net cash provided by financing activities	<u>682,967</u>	<u>17,756,014</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(5,884,055)</u>	<u>3,694,026</u>
CASH AND CASH EQUIVALENTS AT:		
BEGINNING OF YEAR	<u>15,761,128</u>	<u>12,067,102</u>
END OF YEAR	<u>\$ 9,877,073</u>	<u>\$ 15,761,128</u>
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 9,245,906	\$ 9,641,350
Restricted cash	631,167	6,119,778
Total cash and cash equivalents	<u>\$ 9,877,073</u>	<u>\$ 15,761,128</u>
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ 168,734	\$ 57,554
Accounts payable and accrued expenses for property and equipment additions	\$ -	\$ 2,491,345

See notes to the financial statements.

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. DESCRIPTION OF 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 their 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 on the accompanying consolidated statements of activities.

AUM also operates four thrift stores in Northeast Georgia.

In October 2020, Atlanta Mission Support Corporation (AMSC) was formed as a separate nonprofit entity. AUM has control over the operations of AMSC, and therefore, the accounts of this entity are included in the accompanying consolidated financial statements. All significant intercompany accounts and transactions have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Standards

On July 1, 2021, AUM adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires contributed nonfinancial assets to be presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The ASU also requires the disaggregation of the contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. For each type of contributed nonfinancial asset certain additional disclosures are required.

AUM applied the retrospective approach to the consolidated statement of activities when adopting ASU 2020-07. Other than these changes in presentation on the consolidated statement of activities and in the footnotes to the consolidated financial statements for the years ended June 30 2022 and 2021, the adoption of ASU 2020-07 did not have an impact on its results of operations.

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Upcoming Accounting Pronouncements

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, increasing the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statements of financial position and disclosing key information about leasing arrangements. The amendments in this update are effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effects that the provisions of ASU No. 2016-02 will have on the Organization's consolidated financial statements.

Income Tax

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

In accordance with FASB Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertainty in Income Taxes*, the Organization recognizes the consolidated financial statements 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 consolidated financial statements is the largest benefit that has a greater than 50% 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 and Restricted Cash

For purposes of the consolidated 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, 2022 and 2021, cash balances in excess of insured limits were approximately \$3,092,000 and \$14,421,000, respectively. Restricted cash, which may be held in separate bank accounts, includes amounts restricted for construction.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities at year-end.

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net assets, revenues, expenses, gains and losses are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization 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 result from revenues that were not restricted by donors or the donor-imposed restrictions have expired. The governing board (the Board) has designated a portion of these net assets for endowment and an operating reserve. See Notes 5 and 12.
- **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. The stipulations require AUM to use or expend the donated assets as specified and are satisfied either by the passage of time or by the 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 removed by action of the Board. However, donors may release the restrictions on net assets with donor restrictions (in perpetuity). Also, under Georgia's Adoption of the Uniform Prudent Management of Institutional Funds Act (GPMIFA), 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.

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 revenue (support) and contributions receivable in the period in which the promise is received.

Conditional promises to give depend on the occurrence of a specified future and uncertain event to bind the promisor. Conditional promises are recognized as revenue when the conditions on which they depend are substantially met, there is no right of return of the assets received and no indicators of barriers imposed by the donor, 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.

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 value.

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 also receives 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.

Revenue from Contracts with Customers

Revenue from program related income and sales of donated, purchased and crafted goods are recognized when goods or services are provided to customers at a point in time.

Functional Allocation of Expenses

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

Property, Buildings and Equipment

Property, buildings and equipment are recorded at purchase price, construction cost or fair value, if donated. All property, buildings, and equipment purchased in excess of \$10,000 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, five to seven years for furniture and equipment, five years for vehicles and three years for computers. No depreciation is charged for construction in progress and preconstruction costs until the specific construction project has been completed.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), 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.

Investments

Investments are valued at estimated fair value using valuation techniques that are appropriate to the investment. These methods are more fully discussed in Note 4. The Organization's investment securities are exposed to interest rate, market, liquidity and credit risks. Management and the Board have evaluated the risks and the composition of the investment portfolio and believe that the Organization does not have significant exposure.

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the straight-line method.

Other Significant Accounting Policies

Other significant accounting policies are set forth in the consolidated financial statements and the remaining notes which follow.

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The schedule below reflects the Organization's financial assets as of June 30, reduced by amounts not available for general use within one year because of donor-imposed restrictions.

	2022	2021
Cash and cash equivalents	\$ 9,245,906	\$ 9,641,350
Contributions receivable	7,319	-
Capital campaign contributions receivable, current	-	676,229
Endowment fund investments	21,390,094	21,627,196
Financial assets, at year end	<u>30,643,319</u>	<u>31,944,775</u>
Less: Assets unavailable for general expenditures within one year due to:		
Operating reserve	2,000,000	1,000,000
Capital improvement reserve	2,557,124	1,097,656
Board designated endowment funds	12,518,325	12,102,303
Donor-imposed restrictions-time or purpose	7,715,815	8,474,893
Donor-imposed restrictions-in perpetuity	1,155,954	1,050,000
Plus: Endowment spending distribution available for the following fiscal year per spending policy (Note 5)	<u>(993,000)</u>	<u>(885,000)</u>
Total financial assets unavailable for general expenditure within one year	<u>24,954,218</u>	<u>22,839,852</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,689,101</u>	<u>\$ 9,104,923</u>

The Organization obtains certain support from donor-restricted contributions. Because a donor's restriction requires resources to be used for a particular purpose or in a future period, the Organization must maintain sufficient resources to meet its responsibilities to the donors.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At June 30, 2022, the Organization has an operating reserve fund of \$2,000,000 and capital improvement reserve of \$2,557,124. Board-designated funds of \$12,518,325 as of June 30, 2022, can be drawn upon if the Board approves the action.

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments are stated at fair value.

The Organization accounts for financial instruments in accordance with FASB 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 consolidated 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 of the fair value hierarchy:

- Level 1 – Quoted prices in active markets for identical assets or liabilities that AUM has the ability to access at the measurement date.
- Level 2 – Inputs other than quoted prices in active markets that are 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 investment securities are identified in the following table:

2022	Level 1	Level 2	Level 3	Total
Bond funds	\$ 4,436,273	\$ -	\$ -	\$ 4,436,273
Stock funds	11,779,728	-	-	11,779,728
Money market funds	2,689,233	-	-	2,689,233
Closely held stock	-	-	1,536	1,536
Total investments at fair value	<u>\$ 18,905,234</u>	<u>\$ -</u>	<u>\$ 1,536</u>	18,906,770
Alternative investments ^(*)				<u>2,484,860</u>
Total investments				<u>\$ 21,391,630</u>
2021	Level 1	Level 2	Level 3	Total
Bond funds	\$ 4,975,218	\$ -	\$ -	\$ 4,975,218
Stock funds	15,027,341	-	-	15,027,341
Money market funds	335,353	-	-	335,353
Closely held stock	-	-	1,536	1,536
Total investments at fair value	<u>\$ 20,337,912</u>	<u>\$ -</u>	<u>\$ 1,536</u>	20,339,448
Alternative investments ^(*)				<u>1,289,284</u>
Total investments				<u>\$ 21,628,732</u>

^(*)Valued at net asset value (NAV) as a practical expedient and; therefore, excluded from the hierarchy.

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

4. FAIR VALUE OF FINANCIAL INSTRUMENTS – CONTINUED

There was no activity in Level 3 investments for the years ended June 30, 2022 and 2021.

The Organization utilized the NAV reported by each of the alternative funds as a practical expedient for determining the fair value of the investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the Organization's interest in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the Organization's interest in the funds.

The exit frequencies in alternative investments at June 30, 2022 and 2021 are as follows:

	Fair Value June 30, 2022	Fair Value June 30, 2021	Exit Frequency	Days Notice	Investment Strategy
Alternative investments					
PIMCO Flexible Credit Income Fund	\$ -	\$ 341,005	Quarterly	90	Private Debt - Interval fund via a flexible, multi-sector credit strategy
Cliffwater Corporate Lending Fund	274,486	-	Quarterly	90	Private Debt - Interval fund focused on middle market lending
Ardent Financial Fund IV	240,253	124,910	N/A*	N/A*	Private Debt - Focused on making bridge loans across commercial real estate
Keystone Private Fund	340,000	-	Quarterly	90	Private Debt - Makes self-amortizing highly collateralized loans with the target of 2% quarterly distributions through the investment period via semi-liquid structure
Golub BDC 3, Inc.	347,225	97,385	N/A*	N/A*	Private Debt - Middle market direct lending
Owl Rock Capital Corp II	341,236	345,463	Quarterly	90	Private Debt - Middle market direct lending in semi-liquid structure
Owl Rock Capital Corp III	337,870	33,521	N/A*	N/A*	Private Debt - Middle market direct lending
Pathlight Capital Offshore Fund II	256,790	-	N/A*	N/A*	Private Debt - Asset based lending
Peachtree SSC Mortgage REIT, LLC	347,000	347,000	N/A*	N/A*	Private Debt - Income focused fund is a lender in the limited/select service hotel sector
Total measured at NAV	<u>\$ 2,484,860</u>	<u>\$ 1,289,284</u>			

(*)These investments are not currently able to be liquidated and, therefore, do not have an exit frequency. The duration of these investments is on average eight years.

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

5. ENDOWMENT FUND INVESTMENTS

AUM's endowment consists of four individual funds established by a donor restriction. The endowment also includes funds designated by the Board to function as endowments. As required by GAAP, 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 has interpreted GPMIFA 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 GPMIFA. In accordance with GPMIFA, the Organization considers the following factors in deciding 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.

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 GPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions.

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.

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

5. ENDOWMENT FUND INVESTMENTS – CONTINUED

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 30% multiplied by the target spend rate of 5% and weights the prior year spend at 70% multiplied by the prior year inflation rate. The use 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. The Finance Committee of the Board evaluates the annual spend rate as part of the annual budget process. For 2022, the Finance Committee determined that no withdrawal from the endowment (a 0% spend rate) was needed.

Endowment net assets composition by type of fund as of June 30, 2022 and 2021 was:

	Without Donor Restrictions	With Donor Restrictions (Time or Purpose)	With Donor Restrictions (In Perpetuity)	Total
2022				
Donor-restricted endowment funds	\$ -	\$ 7,715,815	\$ 1,155,954	\$ 8,871,769
Board designated endowment funds	12,518,325	-	-	12,518,325
Total funds	<u>\$ 12,518,325</u>	<u>\$ 7,715,815</u>	<u>\$ 1,155,954</u>	<u>\$ 21,390,094</u>
	Without Donor Restrictions	With Donor Restrictions (Time or Purpose)	With Donor Restrictions (In Perpetuity)	Total
2021				
Donor-restricted endowment funds	\$ -	\$ 8,474,893	\$ 1,050,000	\$ 9,524,893
Board designated endowment funds	12,102,303	-	-	12,102,303
Total funds	<u>\$ 12,102,303</u>	<u>\$ 8,474,893</u>	<u>\$ 1,050,000</u>	<u>\$ 21,627,196</u>

At June 30, 2022, funds with original gift values of \$1,250,000, fair values of \$1,155,954, and deficiencies of \$94,046 were reported in net assets with donor restrictions.

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

5. ENDOWMENT FUND INVESTMENTS – CONTINUED

Changes in endowment net assets for the years ended June 30, 2022 and 2021:

2022	Without Donor Restrictions	With Donor Restrictions (Time or Purpose)	With Donor Restrictions (In Perpetuity)	Total
Endowment net assets, beginning of year	\$ 12,102,303	\$ 8,474,893	\$ 1,050,000	\$ 21,627,196
Investment income	268,129	211,026	-	479,155
Net depreciation (realized and unrealized)	(1,352,107)	(970,104)	(94,046)	(2,416,257)
Total investment return	(1,083,978)	(759,078)	(94,046)	(1,937,102)
Contributions	1,500,000	-	200,000	1,700,000
Other changes Disbursements to operating funds	-	-	-	-
Endowment net assets, end of year	<u>\$ 12,518,325</u>	<u>\$ 7,715,815</u>	<u>\$ 1,155,954</u>	<u>\$ 21,390,094</u>
2021	Without Donor Restrictions	With Donor Restrictions (Time or Purpose)	With Donor Restrictions (In Perpetuity)	Total
Endowment net assets, beginning of year	\$ 8,808,008	\$ 7,172,984	\$ 1,050,000	\$ 17,030,992
Investment income	172,396	160,945	-	333,341
Net appreciation (realized and unrealized)	2,121,899	1,980,964	-	4,102,863
Total investment return	2,294,295	2,141,909	-	4,436,204
Contributions	1,000,000	-	-	1,000,000
Other changes Disbursements to operating funds	-	(840,000)	-	(840,000)
Endowment net assets, end of year	<u>\$ 12,102,303</u>	<u>\$ 8,474,893</u>	<u>\$ 1,050,000</u>	<u>\$ 21,627,196</u>

Investment return is shown net of management fees for the years ended June 30, 2022 and 2021.

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

6. 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 ("Restoration House") in Atlanta. The campaign ended in FY 2021. Net capital campaign contributions receivable as of June 30, 2021, was \$676,229. The receivables were fully collected in FY 2022.

7. PROPERTY, BUILDINGS AND EQUIPMENT, NET

Property, buildings and equipment consists of:

	<u>2022</u>	<u>2021</u>
Land	\$ 3,434,675	\$ 3,434,675
Building and improvements	43,088,200	27,607,401
Furniture and equipment	3,241,050	1,822,267
Automobiles and trucks	753,326	770,310
Computers	832,867	603,474
Construction-in-progress	<u>605,167</u>	<u>15,459,490</u>
	51,955,285	49,697,617
Accumulated depreciation	<u>(16,281,908)</u>	<u>(16,393,349)</u>
	<u><u>\$ 35,673,377</u></u>	<u><u>\$ 33,304,268</u></u>

At June 30, 2022, construction-in-progress primarily relates to the My Sister's House and the Shepherd's Inn renovations. At June 30, 2021, construction-in-progress primarily related to the Restoration House, the new innovative low-barrier shelter for women and children.

During the year ended June 30, 2022, AUM capitalized \$164,214 in interest costs related to the construction of the Restoration House.

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

8. NEW MARKETS TAX CREDIT (NMTC) TRANSACTION

AUM entered into certain transactions (Transactions) with an Investment Fund and certain lenders on December 10, 2020 to obtain financing through the NMTC Program sponsored by the U.S. Department of Treasury. The NMTC Program permits certain corporate taxpayers to receive a credit against federal income taxes for making Qualified Equity Investments (QEIs) in Community Development Entities (CDEs). Through the Transactions, AMSC, wholly owned subsidiary of the AUM, was formed for the purpose of effecting the Organization's participation in the NMTC Program.

As part of the Transactions, AUM contributed \$12,494,950 as a loan (Note 9) to the Investment Fund. The Investment Fund made QEIs totaling \$16,890,000 in exchange for an equity interest in three supporting CDEs. A portion of the funds loaned were financed by a \$1,000,000 bridge loan agreement with the bank (see Note 10), proceeds of which funded construction costs. The bridge loan was repaid using funds raised in the capital campaign.

These CDEs then loaned \$16,890,000, less certain sub-allocation reporting fees and other transaction expenses, to AMSC as qualified low-income community investment loans which are included in long-term debt, net, (Note 10) in the accompanying consolidated statements of financial position.

9. NOTE RECEIVABLE

On December 10, 2020, the Organization executed a \$12,494,950 note receivable with the Investment Fund as part of the NMTC Program transaction (see Note 8). The note receivable, including all accrued interest, is due in full on December 1, 2049. The note requires annual interest only payments for the initial eight-year period. The note then amortizes over the remaining 29 years. Interest accrues at 1.29% per annum. Annual interest payments commenced on December 10, 2021. At June 30, 2022 and 2021, the balance of the note receivable was \$12,494,950 for both years.

10. LONG-TERM DEBT

On December 10, 2020, AUM entered into a \$1,000,000 bridge loan with a commercial bank used to fund AUM's portion of the NMTC Program transaction. The bridge loan bore an interest rate of LIBOR plus 1.35%. This loan was repaid before June 30, 2021.

As discussed in Note 8, AMSC received loans amounting to \$16,890,000 on December 10, 2020, through the NMTC Program transaction. The notes which are due on December 1, 2054, require annual interest only payments for the initial eight-year period. The notes then amortize over the remaining 26 years. The notes bear interest at 1% per annum. At June 30, 2022, the outstanding balance was \$16,890,000. Interest expense for the years ended June 30, 2022 and 2021 was \$192,661 and \$151,157, respectively.

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

10. LONG-TERM DEBT – CONTINUED

On July 22, 2021, AUM entered into a \$500,000 note with a commercial bank through the Affordable Housing Program (AHP) which finances affordable housing for very low, low, and moderate income households. The note bears an interest rate of 0% and matures December 31, 2036 at which time principal and interest are due.

The following is a reconciliation of long-term debt to the consolidated statements of financial position at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
NMTC loans	\$ 16,890,000	\$ 16,890,000
AHP loan	500,000	-
Less: loan costs	<u>(718,975)</u>	<u>(611,378)</u>
	<u><u>\$ 16,671,025</u></u>	<u><u>\$ 16,278,622</u></u>

No prepayment is allowed on the NMTC Program notes during the initial seven-year period.

Reserve accounts were established in connection with the NMTC Program transaction to provide additional security to the lenders. AMSC does not have access to withdraw funds from these accounts. The lenders have access to withdraw funds from the interest and fee reserve accounts for interest or fees. Reserve account balances at June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Truist Disbursement Account	\$ -	\$ 5,395,507
Truist ST CDE Reserve	45,188	52,500
Truist CAHEC Reserve	381,429	433,771
Truist AEMI Reserve	<u>204,550</u>	<u>238,000</u>
	<u><u>\$ 631,167</u></u>	<u><u>\$ 6,119,778</u></u>

AUM is required to comply with and is in compliance with covenants under its long-term debt.

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

11. CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY ACT (CARES ACT)

On April 17, 2020, the Organization received a Paycheck Protection Program (PPP) loan of \$1,703,400 granted by the Small Business Administration (SBA). The Organization elected to account for the PPP loan as deferred revenue in accordance with the guidance provided by FASB ASC Topic 958, Section 605. During fiscal year 2021, the Organization applied and received forgiveness of \$1,703,400 from the SBA.

12. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	2022	2021
Operating reserve	\$ 2,000,000	\$ 1,000,000
Capital improvement reserve	2,557,124	1,097,656
Other Board designations	12,518,325	12,102,303
Net investment in property, buildings and equipment	31,497,302	33,304,268
Undesignated net assets	3,450,459	1,478,137
	<u>\$ 52,023,210</u>	<u>\$ 48,982,364</u>

The operating and capital improvement reserve is set by the Board.

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended June 30, 2022 and 2021 as follows:

	2022	2021
Men's program	\$ -	\$ 566,498
Women's program	-	78,143
Repairs and maintenance	-	195,359
Vehicle acquisition	2,000	-
Future operations	250,000	-
Construction of buildings and improvements	4,477,598	11,066,529
	<u>\$ 4,729,598</u>	<u>\$ 11,906,529</u>

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

13. NET ASSETS WITH DONOR RESTRICTIONS – CONTINUED

Net assets with donor restrictions are comprised of the following:

	<u>2022</u>	<u>2021</u>
Net assets with donor restrictions (time or purpose)		
Men's programs	\$ 7,715,815	\$ 8,474,893
Future operations	-	250,000
Vehicle acquisition	129,250	-
Construction of buildings and improvements	<u>701,959</u>	<u>5,171,267</u>
	8,547,024	13,896,160
Net assets with donor restrictions (perpetuity)		
Endowment Trust Corpus	1,250,000	1,050,000
Underwater Endowment Funds	<u>(94,046)</u>	<u>-</u>
	<u>\$ 9,702,978</u>	<u>\$ 14,946,160</u>

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.

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.

Of the endowment trust corpus, \$200,000 represents an additional maintenance endowment (the Jane M Oglesby Building Endowment Fund) funded by a private charitable contribution. Income has been directed to be used for major maintenance and repairs that have a life of five years or greater.

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

14. RETIREMENT PLANS

On January 1, 1997, AUM adopted a discretionary retirement plan under Section 403(b) of the IRC, 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 \$263,000 and \$337,000, are reflected as expenses in the accompanying consolidated financial statements in 2022 and 2021, respectively.

In addition, in fiscal year 2020, the Organization adopted 457(b) and 457(f) Deferred Compensation Plans. Employer contributions to the plans were \$30,000 for the years ended June 30, 2022 and 2021.

15. 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:

For the Year Ending June 30:

2023	\$ 135,451
2024	37,265
2025	37,190
2026	20,690
2027	175
	<u>\$ 230,771</u>

16. DEFERRED REVENUE

AUM formerly leased a parcel of land at The Potters House farm to a telecommunications company (the company) for a cell tower location. Effective January 1, 2016, AUM entered a 99-year lease agreement with the company. In consideration of the lease, AUM received a one-time payment of \$500,000 which was recorded as deferred revenue to be recognized over the period of the lease. As of June 30, 2022 and 2021, the balance of deferred revenue is \$467,171 and \$472,222, respectively.

Other deferred revenue consists of amounts collected prior to year end for events held after year end, and was \$274,000 and \$292,652, respectively, as of June 30, 2022 and 2021.

ATLANTA UNION MISSION CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

17. CONTRIBUTED NONFINANCIAL ASSETS

For the fiscal years ending on June 30, contributed nonfinancial assets recognized in the consolidated statement of activities include:

	<u>2022</u>	<u>2021</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restriction</u>	<u>Valuation technique and inputs</u>
Professional services	\$ 32,000	\$ 280,598	Addiction Recovery and Homeless Program	Restoration House construction	Estimated market value based on invoices received
Construction materials	16,976	671,400	Addiction Recovery and Homeless Program	Restoration House construction	Estimated market value based on discounts on invoices received
Clothing, for resale	911,385	1,033,372	Thrift Ministry	None	Estimated based on market value for comparable items. Sale proceeds are used for programs and services
Household goods, for resale	725,128	867,026	Thrift Ministry	None	Estimated based on market value for comparable items. Sale proceeds are used for programs and services
Food	698,406	562,718	Addiction Recovery and Homeless Program	None	Estimated based on market value for comparable items or, if weight is known, at a rate of \$1.79 / lb. (\$1.67 / lb. for FY2021).
Clothing	33,374	811,656	Addiction Recovery and Homeless Program	None	Estimated based on market value for comparable items
Household goods	122,456	330,177	Addiction Recovery and Homeless Program	None	Estimated based on market value for comparable items
Gala Auction items	26,377	-	Fundraising	Restoration House Gala Auction	Includes vacation experiences, sports memorabilia, artwork, etc. Value estimated based on market value for comparable items. Auction proceeds are used for programs and services.
	<u>\$ 2,566,102</u>	<u>\$ 4,556,947</u>			

18. SUBSEQUENT EVENTS

In accordance with FASB ASC 855, *Subsequent Events*, the Organization evaluated subsequent events through October 20, 2022, the date these financial statements were available for issuance.

OTHER INFORMATION

ATLANTA UNION MISSION CORPORATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	ASSETS			
	AUM	AMSC	Eliminating Entries	Consolidated Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 9,240,638	\$ 5,268	\$ -	\$ 9,245,906
Restricted cash	-	631,167	-	631,167
Contributions receivable	7,319	-	-	7,319
Inventory	196,441	-	-	196,441
Due from AMSC	5,000	103,833	(108,833)	-
Prepaid expenses and other assets	232,431	-	-	232,431
Total current assets	9,681,829	740,268	(108,833)	10,313,264
PROPERTY, BUILDINGS AND EQUIPMENT, NET	17,273,147	18,400,230	-	35,673,377
OTHER ASSETS				
Deposits	43,928	-	-	43,928
Long-term investment	1,536	-	-	1,536
Endowment fund investments	21,390,094	-	-	21,390,094
Note receivable	12,494,950	-	-	12,494,950
Total other assets	33,930,508	-	-	33,930,508
TOTAL ASSETS	\$ 60,885,484	\$ 19,140,498	\$ (108,833)	\$ 79,917,149
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 768,615	\$ 113,983	\$ (103,833)	\$ 778,765
Due to AUM	-	5,000	(5,000)	-
Short-term deferred revenue	279,050	-	-	279,050
Total current liabilities	1,047,665	118,983	(108,833)	1,057,815
LONG-TERM LIABILITIES				
Long-term deferred revenue	462,121	-	-	462,121
Long-term debt, net	452,758	16,218,267	-	16,671,025
TOTAL LIABILITIES	1,962,544	16,337,250	(108,833)	18,190,961
NET ASSETS				
Without donor restrictions	49,219,962	2,803,248	-	52,023,210
With donor restrictions	9,702,978	-	-	9,702,978
TOTAL NET ASSETS	58,922,940	2,803,248	-	61,726,188
TOTAL LIABILITIES AND NET ASSETS	\$ 60,885,484	\$ 19,140,498	\$ (108,833)	\$ 79,917,149

See independent auditors' report.

ATLANTA UNION MISSION CORPORATION
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>AUM</u>	<u>AMSC</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
REVENUE AND SUPPORT				
Support				
Contributions	\$ 16,015,253	\$ -	\$ -	\$ 16,015,253
Contributions for capital	469,523	(469,523)	-	-
Contributions - nonfinancial assets	<u>2,517,126</u>	<u>48,976</u>	<u>-</u>	<u>2,566,102</u>
Total support	<u>19,001,902</u>	<u>(420,547)</u>	<u>-</u>	<u>18,581,355</u>
Revenue				
Program related income	420,406	-	-	420,406
Interest and dividend income	673,275	-	-	673,275
Sales of donated, purchased and crafted goods	1,908,642	-	-	1,908,642
Other income	<u>23,485</u>	<u>163,165</u>	<u>(163,166)</u>	<u>23,484</u>
Total revenue	<u>3,025,808</u>	<u>163,165</u>	<u>(163,166)</u>	<u>3,025,807</u>
TOTAL REVENUE AND SUPPORT	<u>22,027,710</u>	<u>(257,382)</u>	<u>(163,166)</u>	<u>21,607,162</u>
EXPENSES				
Addiction recovery and homeless programs	11,816,225	307,430	(163,166)	11,960,489
Thrift ministry	3,001,225	-	-	3,001,225
General and administrative	2,274,403	29,450	-	2,303,853
Fund raising and development, donor cultivation	<u>3,604,887</u>	<u>-</u>	<u>-</u>	<u>3,604,887</u>
TOTAL EXPENSES	<u>20,696,740</u>	<u>336,880</u>	<u>(163,166)</u>	<u>20,870,454</u>
Realized/unrealized gains on investments, net	(2,416,257)	-	-	(2,416,257)
Loss on disposal of fixed assets	<u>(522,787)</u>	<u>-</u>	<u>-</u>	<u>(522,787)</u>
CHANGE IN NET ASSETS	<u>(1,608,074)</u>	<u>(594,262)</u>	<u>-</u>	<u>(2,202,336)</u>
NET ASSETS AT:				
BEGINNING OF YEAR	<u>60,531,014</u>	<u>3,397,510</u>	<u>-</u>	<u>63,928,524</u>
END OF YEAR	<u><u>\$ 58,922,940</u></u>	<u><u>\$ 2,803,248</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 61,726,188</u></u>

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