



Financial Statements

Years Ended June 30, 2015 and 2014



Financial Statements

Years Ended June 30, 2015 and 2014

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, 2015 and 2014, 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, 2015 and 2014, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

Atlanta, Georgia
October 26, 2015

Atlanta Union Mission Corporation

Statements of Financial Position

<i>June 30,</i>	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,574,223	\$ 2,397,623
Inventory	268,112	487,989
Contribution receivables	-	2,468
Prepaid expenses and other assets	116,885	290,718
Total Current Assets	1,959,220	3,178,798
Other Assets		
Deposits	57,778	57,778
Long-term investment	93,382	124,509
Assets held for sale	-	1,025,700
Endowment fund (Note 1)	17,384,074	17,868,989
Total Other Assets	17,535,234	19,076,976
Property, Buildings and Equipment - Net (Note 2)	20,750,498	20,886,979
Total Assets	\$ 40,244,952	\$ 43,142,753
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 376,915	\$ 504,461
Current portion of long-term debt (Note 3)	30,185	28,258
Total Current Liabilities	407,100	532,719
Long-Term Debt, Net of Current Portion (Note 3)	83,491	113,200
Total Liabilities	490,591	645,919
Commitments and Contingencies (Note 8)		
Net Assets		
Unrestricted		
Designated by the Board (Note 4)	9,604,166	9,290,094
Undesignated	21,415,227	23,385,379
Total unrestricted	31,019,393	32,675,473
Donor restricted		
Temporarily (Note 5)	7,684,968	8,771,361
Permanently (Note 6)	1,050,000	1,050,000
Total Net Assets	39,754,361	42,496,834
Total Liabilities and Net Assets	\$ 40,244,952	\$ 43,142,753

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

Atlanta Union Mission Corporation

Statements of Activities

	June 30, 2015				June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	Support and Revenues							
Support:								
Contributions	\$ 7,946,628	\$ 210,164	\$ -	\$ 8,156,792	\$ 8,353,784	\$ 498,823	\$ -	\$ 8,852,607
Donated goods received	3,367,181	-	-	3,367,181	3,441,774	-	-	3,441,774
Grants	-	2,000	-	2,000	-	125,000	-	125,000
Satisfaction of program restrictions	1,365,033	(1,365,033)	-	-	2,268,707	(2,268,707)	-	-
Total support	12,678,842	(1,152,869)	-	11,525,973	14,064,265	(1,644,884)	-	12,419,381
Revenues								
Program related income	727,106	-	-	727,106	913,027	-	-	913,027
Interest and dividend income	126,472	119,720	-	246,192	144,165	137,177	-	281,342
Sales of donated, purchased and cratted goods	2,156,133	-	-	2,156,133	2,303,304	-	-	2,303,304
Other income	47,832	-	-	47,832	80,504	-	-	80,504
Total revenues	3,057,543	119,720	-	3,177,263	3,441,000	137,177	-	3,578,177
Total support and revenues	15,736,385	(1,033,149)	-	14,703,236	17,505,265	(1,507,707)	-	15,997,558
Expenses								
Addiction recovery and homeless programs	(8,887,692)	-	-	(8,887,692)	(8,944,069)	-	-	(8,944,069)
Thrift ministry	(3,918,895)	-	-	(3,918,895)	(4,101,864)	-	-	(4,101,864)
General and administrative	(1,460,619)	-	-	(1,460,619)	(1,403,021)	-	-	(1,403,021)
Fund raising and development, donor cultivation	(2,473,438)	-	-	(2,473,438)	(2,740,441)	-	-	(2,740,441)
Total expenses	(16,740,644)	-	-	(16,740,644)	(17,189,395)	-	-	(17,189,395)
Realized/unrealized gains/(losses) on investments	(86,544)	(53,244)	-	(139,788)	1,179,454	1,036,726	-	2,216,180
Contributions	(565,277)	-	-	(565,277)	-	-	-	-
Excess of net assets acquired over consideration transferred in acquisition	-	-	-	-	414,043	-	-	414,043
Other losses	-	-	-	-	(762)	-	-	(762)
Total expenses and gains (losses)	(17,392,465)	(53,244)	-	(17,445,709)	(15,596,660)	1,036,726	-	(14,559,934)
Change in Net Assets	(1,656,080)	(1,086,393)	-	(2,742,473)	1,908,605	(470,981)	-	1,437,624
Net Assets, beginning of year	32,675,473	8,771,361	1,050,000	42,496,834	30,766,868	9,242,342	1,050,000	41,059,210
Net Assets, end of year	\$ 31,019,393	\$ 7,684,968	\$ 1,050,000	\$ 39,754,361	\$ 32,675,473	\$ 8,771,361	\$ 1,050,000	\$ 42,496,834

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, 2015

	<i>Addiction Recovery and Homeless Programs</i>	<i>Thrift Ministry</i>	<i>General and Administrative</i>	<i>Fund Raising and Development, Donor Cultivation</i>	<i>Total Expenses</i>
Operating Expenses					
Costs of generating support	\$ 2,159	\$ 97,785	\$ 4,674	\$ 1,624,899	\$ 1,729,517
Costs of generating support - In-Kind ⁽²⁾	-	2,169,196	-	94,230	2,263,426
Salary and payroll tax	3,702,574	695,939	610,593	546,613	5,555,719
Employee benefits	480,465	55,671	89,777	55,567	681,480
Other human resources costs	322,334	23,101	61,070	10,476	416,981
Food costs	550,374	-	-	-	550,374
Other program costs	932,331	-	9,042	-	941,373
Rent	25,000	368,590	-	-	393,590
Facilities maintenance	587,730	33,501	30,307	900	652,438
Utilities	1,091,960	176,832	156,758	18,006	1,443,556
General insurance	107,583	30,991	-	-	138,574
Office equipment, supplies and postage	83,074	18,039	143,006	34,356	278,475
Licenses, fees, dues and subscriptions	5,985	20,601	124,811	8,591	159,988
Professional services	30	-	104,988	12,520	117,538
Autos, meals and travel	153,450	72,620	88,282	11,258	325,610
Depreciation	842,643	156,029	37,311	56,022	1,092,005
Total operating expenses	\$ 8,887,692	\$ 3,918,895	\$ 1,460,619	\$ 2,473,438	\$ 16,740,644
Total program service expenses⁽¹⁾	\$ 12,806,587				

*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, 2014

	<i>Addiction Recovery and Homeless Programs</i>	<i>Thrift Ministry</i>	<i>General and Administrative</i>	<i>Fund Raising and Development, Donor Cultivation</i>	<i>Total Expenses</i>
Operating Expenses					
Costs of generating support	\$ 20,329	\$ 339,818	\$ 9,669	\$ 1,947,448	\$ 2,317,264
Costs of generating support - In-Kind ⁽²⁾	-	1,884,074	-	-	1,884,074
Salary and payroll tax	3,605,134	775,655	565,621	585,387	5,531,797
Employee benefits	485,110	64,904	94,384	55,420	699,818
Other human resources costs	103,357	18,505	49,634	11,973	183,469
Food costs	788,598	-	-	-	788,598
Other program costs	1,074,820	-	-	-	1,074,820
Rent	25,000	383,068	-	-	408,068
Facilities maintenance	373,444	14,565	46,785	162	434,956
Utilities	1,112,384	226,666	106,724	12,452	1,458,226
General insurance	97,767	30,238	1,291	-	129,296
Office equipment, supplies and postage	163,920	45,048	200,082	20,605	429,655
Licenses, fees, dues and subscriptions	18,278	24,406	112,635	33,915	189,234
Professional services	1,459	-	94,955	-	96,414
Autos, meals and travel	263,293	88,683	79,622	7,734	439,332
Depreciation	811,176	206,234	41,619	65,345	1,124,374
Total operating expenses	\$ 8,944,069	\$ 4,101,864	\$ 1,403,021	\$ 2,740,441	\$ 17,189,395
Total program service expenses⁽¹⁾		\$ 13,045,933			

*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

Year ended June 30,	2015	2014
Cash Flows from Operating Activities		
Increase in net assets	\$ (2,742,473)	\$ 1,437,624
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Unrealized loss on investments	31,127	157,353
Unrealized gain on endowment fund	484,916	(193,217)
Depreciation	1,092,005	1,124,374
Loss on sale deemed contribution	525,700	
Excess consideration received in acquisition	-	(414,043)
Changes in assets and liabilities:		
Inventory	219,877	148,213
Contribution receivables	2,468	98,732
Prepaid expenses and other assets	173,833	(27,204)
Deposits	-	17,040
Accounts payable and accrued expenses	(127,546)	(211,702)
Net cash provided by (used in) operating activities	(340,093)	2,137,170
Cash Flows from Investing Activities		
Cash received from acquisition	-	391,663
Contributions to endowment fund	-	(84,637)
Proceeds from sale of asset held for sale	500,000	-
Payments for capital additions and construction in progress	(955,525)	(459,723)
Net cash used in investing activities	(455,525)	(152,697)
Cash Flows from Financing Activities		
Payments of proceeds from short-term debt	-	-
Payments of long-term debt	(27,782)	(28,154)
Net cash used in financing activities	(27,782)	(28,154)
Net Increase (Decrease) in Cash and Cash Equivalents	(823,400)	1,956,319
Cash and Cash Equivalents, beginning of year	2,397,623	441,304
Cash and Cash Equivalents, end of year	\$ 1,574,223	\$ 2,397,623

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

Atlanta Union Mission Corporation

Organization and Summary of Significant Accounting Policies

Organization and Operations

Atlanta Union Mission Corporation ("AUM" or "Organization") is incorporated in accordance with Georgia law. AUM is classified as a tax exempt entity. AUM has no authorized or issued capital stock.

AUM provides services to homeless men, women and children through four ministry centers, three of which are in metropolitan Atlanta and one in Jefferson, Georgia. AUM's emergency shelter services include nutritious food, hot showers, clean clothes and a safe place to sleep. For those individuals willing to commit a minimum of six months to changing their lives, a residential recovery program helps men and women confront addictions and other life-controlling behaviors with individual and group counseling, work therapy and spiritual guidance. Toward the end of the recovery program, clients attend a two-week career counseling class. Graduates of the recovery program can spend an additional eighteen months in transitional housing while working, pursuing a job or continuing their education.

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.

On July 1, 2013, AUM acquired the assets of the Atlanta Day Shelter for Women and Children, Inc. ("ADS") for no consideration. At the closing date, AUM received cash amounting to \$391,663 and various property and equipment totaling \$22,380. The total proceeds of \$414,043 are presented as Excess of net assets acquired over consideration transferred in acquisition account in the Statements of Activities.

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. Certain amounts on deposit were in excess of federally insured limits at June 30, 2015 and 2014.

Atlanta Union Mission Corporation

Organization and Summary of Significant Accounting Policies

Fair Value of Financial Instruments

Financial instruments are stated at fair value.

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

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

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

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

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

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

June 30, 2015	Level 1	Level 2	Level 3	Total
Bond funds	\$ 3,553,443	\$ -	\$ -	\$ 3,553,443
Stock funds	9,302,176	-	-	9,302,176
Money market funds	305,382	-	-	305,382
Real estate and commodity funds	1,055,512	-	-	1,055,512
Hedge fund	-	1,093,201 ^(a)	2,074,360 ^(b)	3,167,561
Closely held stock	-	-	93,382 ^(c)	93,382
	\$ 14,216,513	\$ 1,093,201	\$ 2,167,742	\$ 17,477,456

Atlanta Union Mission Corporation

Organization and Summary of Significant Accounting Policies

June 30, 2014	Level 1	Level 2	Level 3	Total
Bond funds	\$ 2,941,061	\$ -	\$ -	\$ 2,941,061
Stock funds	9,942,539	-	-	9,942,539
Money market funds	346,955	-	-	346,955
Real estate and commodity funds	1,751,032	-	-	1,751,032
Hedge fund	-	973,948 ^(a)	1,913,454 ^(b)	2,887,402
Closely held stock	-	-	124,509 ^(c)	124,509
	\$ 14,981,587	\$ 973,948	\$ 2,037,963	\$ 17,993,498

(a) This pertains to investment in a hedge fund that invests in an equity long/short focused portfolio of assets. The fund operates as a "Fund of Funds," investing, either directly or indirectly, in a group of funds or other pooled investment vehicles. The fair value has been estimated using the net asset value per share of the investments.

(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.

(c) The investment in closely held stock is carried at the Organization's equity in the estimated net assets of the investee based on the most recent financial statements of the investee.

There were no transfers in and out of Level 1, 2 and 3 classifications during the year.

The following is a reconciliation of the beginning and ending balances for Level 3 investments during the fiscal year ended June 30, 2015.

	<i>Closely Held Stock</i>	<i>Hedge Fund</i>	<i>Total</i>
Beginning balance	\$ 124,509	\$ 1,913,454	\$ 2,037,963
Total gains and losses included in change in net assets	(31,127)	160,906	129,779
Total Funds	\$ 93,382	\$ 2,074,360	\$ 2,167,742

The following is a reconciliation of the beginning and ending balances for Level 3 securities during the fiscal year ended June 30, 2014.

	<i>Closely Held Stock</i>	<i>Hedge Fund</i>	<i>Total</i>
Beginning balance	\$ 281,862	\$ 1,773,721	\$ 2,055,583
Total gains and losses included in change in net assets	(157,353)	139,733	(17,620)
Total Funds	\$ 124,509	\$ 1,913,454	\$ 2,037,963

Atlanta Union Mission Corporation

Organization and Summary of Significant Accounting Policies

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.

Assets Held for Sale

Long-lived assets classified as held for sale are presented separately in the statement of financial position. Assets held for sale are recorded at the lower of net book value or fair value less cost to sell and are not subject to depreciation.

Contributions

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

Contributed Services and Donated Materials (In - Kind)

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

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

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

Estimates

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

Atlanta Union Mission Corporation

Organization and Summary of Significant Accounting Policies

Functional Allocation of Expenses

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

Atlanta Union Mission Corporation

Notes to Financial Statements

1. Endowment Fund

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

Interpretation of Relevant Law

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

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

Endowment net assets composition by type of fund as of June 30, 2015 and 2014:

June 30, 2015

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Donor-restricted endowment funds	\$ -	\$ 7,614,791	\$ 1,050,000	\$ 8,664,791
Board-designated endowment funds	8,719,283	-	-	8,719,283
Total Funds	\$ 8,719,283	\$ 7,614,791	\$ 1,050,000	\$ 17,384,074

Atlanta Union Mission Corporation

Notes to Financial Statements

June 30, 2014

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Donor-restricted endowment funds	\$ -	\$ 8,168,894	\$ 1,050,000	\$ 9,218,894
Board-designated endowment funds	8,650,095	-	-	8,650,095
Total Funds	\$ 8,650,095	\$ 8,168,894	\$ 1,050,000	\$ 17,868,989

Changes in endowment net assets for the fiscal years ended June 30, 2015 and 2014:

June 30, 2015

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Endowment net assets, beginning of year	\$ 8,650,095	\$ 8,168,894	\$ 1,050,000	\$ 17,868,989
Investment income	124,605	119,720	-	244,325
Net appreciation (realized and unrealized)	(55,417)	(53,244)	-	(108,661)
Total investment return	8,719,283	8,235,370	1,050,000	18,004,653
Contributions	-	-	-	-
Other changes:				
Disbursements to operating funds	-	(620,579)	-	(620,579)
Total Funds	\$ 8,719,283	\$ 7,614,791	\$ 1,050,000	\$ 17,384,074

June 30, 2014

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Endowment net assets, beginning of year	\$ 7,455,768	\$ 9,085,367	\$ 1,050,000	\$ 17,591,135
Investment income	112,572	137,177	-	249,749
Net appreciation (realized and unrealized)	997,118	1,215,057	-	2,212,175
Total investment losses	8,565,458	10,437,601	1,050,000	20,053,059
Contributions	84,637	-	-	84,637
Other changes:				
Disbursements to operating funds	-	(2,268,707)	-	(2,268,707)
Total Funds	\$ 8,650,095	\$ 8,168,894	\$ 1,050,000	\$ 17,868,989

Funds with Deficiencies

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

Atlanta Union Mission Corporation

Notes to Financial Statements

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

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

AUM's policy is to appropriate for distribution each year five percent of its endowment fund's average fair value over the prior 5 years through the calendar year-end preceding the fiscal year in which the distribution is planned. The high and low calendar year end values are eliminated from the average calculation. In establishing this policy, the Organization considered the long-term expected return on its endowment. This 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. Property, Buildings and Equipment

Property, buildings and equipment consists of:

<i>June 30,</i>	2015	2014
Land	\$ 2,060,545	\$ 2,115,886
Building, improvements and construction in progress	28,256,279	27,486,708
Furniture and equipment	3,161,190	3,030,299
Automobiles and trucks	1,249,878	1,131,647
Computers	627,794	594,384
	35,355,686	34,358,924
Accumulated depreciation	(14,605,188)	(13,471,945)
	\$ 20,750,498	\$ 20,886,979

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Notes to Financial Statements

3. Debt

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

Maturities of long-term debt are as follows:

<i>Fiscal year ending June 30,</i>	Amount
2016	\$ 30,185
2017	33,216
2018	35,055
2019	15,220
Thereafter	-
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	\$113,676

4. Designated Unrestricted Net Assets

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

<i>June 30,</i>	2015	2014
Operating reserve	\$ 884,883	\$ 639,999
Cumulative bequests	8,719,283	8,650,095
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	\$ 9,604,166	\$ 9,290,094

The operating reserve account is set by the Board at \$1,000,000. At June 30, 2015, there is an operating reserve shortfall of \$115,117.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes:

<i>June 30,</i>	2015	2014
Men's division (Lee Edwards Candler Endowment)	\$ 7,614,791	\$ 8,168,894
Other programs	-	523,750
Construction of buildings and improvements	70,177	78,717
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	\$ 7,684,968	\$ 8,771,361

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Notes to Financial Statements

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

6. Permanently Restricted Net Assets

Permanently restricted net assets consist of endowment trust corpus of \$1,050,000 as of June 30, 2015 and 2014.

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

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

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

7. Retirement Plans

On January 1, 1997, AUM adopted a discretionary retirement plan under Section 403(b) of the Internal Revenue Code, covering substantially all employees. AUM can make annual discretionary contributions for eligible employees, as defined in the Plan. Annual contributions made by AUM totaling approximately \$204,891 and \$185,298, are reflected as expenses in the accompanying financial statements in 2015 and 2014, respectively.

8. Non-cancellable Operating Leases

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

<i>Fiscal year ending June 30,</i>	<i>Amount</i>
2016	\$ 280,421
2017	284,981
2018	283,379
2019	163,910
2020 and thereafter	-
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	\$ 1,012,691

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Notes to Financial Statements

9. Assets held for Sale

At June 30, 2014, management committed to a plan to sell the Village of Atlanta properties. The properties amounting to \$1,025,700 was presented as assets held for sale in the statements of financial position as of June 30, 2014. In September 2014, AUM sold the properties to a non-profit organization for \$500,000. As the fair value of the Village Atlanta properties exceeded the carrying value at the date of sale, Management recognized the difference between the net book value and the proceeds received as a contribution. This is presented as part of contribution expense in the 2015 statement of activities.

10. Subsequent Events

In accordance with ASC 855, *Subsequent Events*, the Organization evaluated subsequent events through October 26, 2015, the date these financial statements were available for issuance.