



UNITED WORLD MISSION INCORPORATED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020





REPORT OF INDEPENDENT AUDITOR

The Board of Directors
United World Mission Incorporated
Charlotte, North Carolina

We have audited the accompanying consolidated financial statements of United World Mission Incorporated ("the Organization"), which consist of the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 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 on the auditor's 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 Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of United World Mission Incorporated as of June 30, 2020, the changes in its consolidated net assets, and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Battis Morrison Wales & Lee, P.A.

BATTIS MORRISON WALES & LEE, P.A.

Orlando, Florida
October 6, 2020

BATTIS MORRISON WALES & LEE, P.A. • CERTIFIED PUBLIC ACCOUNTANTS

UNITED WORLD MISSION INCORPORATED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS

ASSETS

Cash and cash equivalents	\$ 4,950,602
Cash and investments restricted for long-term purposes	206,395
Investments	7,167,332
Other assets, net	571,171
Property and equipment, net	<u>501,939</u>

Total assets **\$ 13,397,439**

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 141,491
Unearned revenue	446,056
Other liabilities	244,858
Note payable	<u>96,862</u>

Total liabilities **929,267**

NET ASSETS

Without donor restrictions	
Undesignated	1,923,999
Designated	2,178,351
Net investment in property and equipment	<u>501,939</u>

Total without donor restrictions 4,604,289

With donor restrictions 7,863,883

Total net assets **12,468,172**

Total liabilities and net assets **\$ 13,397,439**

UNITED WORLD MISSION INCORPORATED

CONSOLIDATED STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2020

	Without donor restrictions	With donor restrictions	Total
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS			
Contributions	\$ 1,390,855	\$ 19,120,455	\$ 20,511,310
Grant revenue from Paycheck Protection Program loan forgiveness	791,389	—	791,389
Tuition and seminar revenue	386,367	—	386,367
Other income	128,959	—	128,959
Investment income	100,044	5,315	105,359
Net assets released from restrictions	<u>18,226,074</u>	<u>(18,226,074)</u>	<u>—</u>
 Total public support and revenue and net assets released from restrictions	<u>21,023,688</u>	<u>899,696</u>	<u>21,923,384</u>
 EXPENSES			
Program activities			
Evangelism and church planting	6,765,556	—	6,765,556
Education ministry	3,942,563	—	3,942,563
Leadership and development	2,680,035	—	2,680,035
Community development and compassion	1,524,769	—	1,524,769
Home ministry	1,171,611	—	1,171,611
Church mobilization	<u>1,080,862</u>	<u>—</u>	<u>1,080,862</u>
Total program activities	<u>17,165,396</u>	<u>—</u>	<u>17,165,396</u>
Supporting activities			
Management and general	2,206,232	—	2,206,232
Missionary support fundraising	1,151,465	—	1,151,465
Fundraising	<u>677,187</u>	<u>—</u>	<u>677,187</u>
Total supporting activities	<u>4,034,884</u>	<u>—</u>	<u>4,034,884</u>
 Total expenses	<u>21,200,280</u>	<u>—</u>	<u>21,200,280</u>
 Change in net assets prior to loss on write off of assets	(176,592)	899,696	723,104
Loss on write off of assets	<u>(269,580)</u>	<u>—</u>	<u>(269,580)</u>
 CHANGE IN NET ASSETS	<u>(446,172)</u>	<u>899,696</u>	<u>453,524</u>
 NET ASSETS - Beginning of year	<u>5,050,461</u>	<u>6,964,187</u>	<u>12,014,648</u>
 NET ASSETS - End of year	<u>\$ 4,604,289</u>	<u>\$ 7,863,883</u>	<u>\$ 12,468,172</u>

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

UNITED WORLD MISSION INCORPORATED

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended June 30, 2020

OPERATING CASH FLOWS

Cash received from contributors	\$ 20,949,639
Tuition and seminar revenue received	397,761
Other revenue received	128,959
Investment income received	33,440
Cash paid for operating activities and costs	<u>(21,309,111)</u>
Net operating cash flows	<u>200,688</u>

INVESTING CASH FLOWS

Net release of assets restricted for long-term purposes	182,204
Proceeds from sales of investments, net	1,608,297
Reinvestment of investment income	(177,278)
Purchases of and improvements to property and equipment	<u>(111,417)</u>
Net investing cash flows	<u>1,501,806</u>

FINANCING CASH FLOWS

Borrowings	<u>888,251</u>
Net financing cash flows	<u>888,251</u>

NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH **2,590,745**

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year **2,496,747**

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year **\$ 5,087,492**

REPORTED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS FOLLOWS

Cash and cash equivalents	\$ 4,950,602
Restricted cash included in "Cash and investments restricted for long-term purposes"	<u>136,890</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 5,087,492</u>

RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS

Change in net assets	\$ 453,524
Adjustments to reconcile change in net assets to net operating cash flows	
Net gain on investments	(71,919)
Depreciation and amortization	87,217
Loss on write off of assets	269,580
Conversion of note payable to grant revenue	(791,389)
Change in other assets, net	(218,251)
Change in accounts payable and accrued expenses	34,204
Change in unearned revenue	438,329
Change in other liabilities	<u>(607)</u>
Net operating cash flows	<u>\$ 200,688</u>

SUPPLEMENTAL DISCLOSURE

During the year ended June 30, 2020, \$791,389 of principal reductions of note payable are included in "grant revenue from Paycheck Protection Program loan forgiveness" in the consolidated statement of activities. See Note H.

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

UNITED WORLD MISSION INCORPORATED
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2020

	Program activities						Supporting activities				Total expenses	
	Evangelism and church planting	Education ministry	Leadership and development	Community development and compassion	Home ministry	Church mobilization	Total program activities	Management and general	Missionary support fundraising	Fundraising		Total supporting activities
Salaries	\$ 4,203,070	\$ 1,803,746	\$ 1,233,560	\$ 737,417	\$ 810,711	\$ 726,051	\$ 9,514,555	\$ 856,696	\$ 789,550	\$ 395,873	\$ 2,042,119	\$ 11,556,674
Employee benefits and payroll taxes	881,883	368,242	250,960	171,994	123,022	170,024	1,966,125	266,610	163,506	70,632	500,748	2,466,873
Ministry project expenses	245,952	1,070,126	222,797	400,090	5,122	8,694	1,952,781	19,857	7,866	183	27,906	1,980,687
Professional services	494,033	130,313	362,318	35,396	139,759	66,631	1,228,450	382,734	63,992	110,946	557,672	1,786,122
Travel	513,037	172,394	480,029	74,815	48,537	67,270	1,356,082	134,435	69,433	69,841	273,709	1,629,791
Office expenses	106,668	138,037	24,594	10,406	9,181	9,436	298,322	116,398	12,363	14,287	143,048	441,370
Conferences and education	132,334	71,962	46,093	23,874	14,117	12,372	300,752	10,806	17,338	2,590	30,734	331,486
Furnishings, equipment, and software	58,211	79,813	20,507	12,820	7,143	5,637	184,131	66,656	7,640	1,013	75,309	259,440
Charitable contributions and gifts	55,942	16,652	9,462	38,462	4,816	1,254	126,588	77,225	7,390	1,351	85,966	212,554
Bank and credit card fees	51,984	22,027	15,912	16,022	7,083	10,358	123,386	53,457	9,214	47	62,718	186,104
Occupancy	12,767	20,682	9,554	3,055	1,131	1,465	48,654	91,635	1,737	2	93,374	142,028
Depreciation and amortization	—	—	—	—	—	—	—	87,217	—	—	87,217	87,217
Insurance	—	37,289	—	—	—	—	37,289	15,679	—	—	15,679	52,968
Dues and subscriptions	9,158	8,735	3,274	310	887	1,670	24,034	25,851	1,280	422	27,553	51,587
Advertising	517	2,545	975	108	102	—	4,247	976	156	10,000	11,132	15,379
Total expenses	\$ 6,765,556	\$ 3,942,563	\$ 2,680,035	\$ 1,524,769	\$ 1,171,611	\$ 1,080,862	\$ 17,165,396	\$ 2,206,232	\$ 1,151,465	\$ 677,187	\$ 4,034,884	\$ 21,200,280

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

UNITED WORLD MISSION INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

NOTE A – NATURE OF ACTIVITIES

United World Mission Incorporated (“the Organization”) is an Ohio not-for-profit corporation. The Organization’s mission is to equip leaders, establish churches, and engage in holistic ministry by partnering with the church globally. The end goal of this mission is to see flourishing churches, led by well-equipped local leaders that serve their communities and see lives changed. The Organization is a faith mission, dependent on God as He moves the hearts of interested individuals, local churches, and other organizations to meet financial needs. Missionaries raise support for their ministries from interested churches and individuals. Support figures are established according to cost-of-living factors and include an amount for mission administration, major medical and life insurance, retirement, allowances for the education of children, and ministry expenses. Contributions made by donors for the support of a missionary’s ministry are restricted for that purpose, controlled by the organization, and disbursed in compliance with an approved support schedule and policies. The Organization’s headquarters is in Charlotte, North Carolina.

In conformity with accounting principles generally accepted in the United States of America (“GAAP”), the consolidated financial statements of the Organization include the accounts of a certain limited liability company (“the LLC”). This separate legal entity is utilized to carry out specific work in various countries where the use of a separate entity provides practical or legal advantages. For security purposes, the name of the LLC is not disclosed in these notes. All significant interorganization transactions and balances have been eliminated in consolidation.

The Organization’s primary program activities are as follows:

- Evangelism and church planting – The Organization’s missionaries and staff serve alongside local churches, denominations, and other indigenous ministry organizations around the world to serve the purposes of Christ, especially by facilitating the ministry, growth, and expansion of churches. Missionaries serve through formal and informal training, conferences and seminars, research projects, business development and micro-finance in support of church development, as well as through direct involvement in ministries that strengthen and assist the missional outreach of local churches, particularly through new church planting. In some countries, missionaries concentrate on pioneer church planting, while in most contexts focus on facilitating national believers as they engage evangelistic and church planting ministries in their nations.
- Education ministry – The Organization’s missionaries and staff are involved in Christian education in several distinct ways. Missionaries provide non-formal ministry training within local churches and denominations, especially church planter, pastoral, and lay leader training. Missionaries serve as faculty and staff at Bible schools and seminaries and at a number of Christian international schools for children. Missionaries serve as faculty and staff at the Center for Intercultural Training in Union Mills, North Carolina which provides pre-field, residential, and cross-cultural missionary training. Appointees and missionaries on home ministry assignments dedicate significant time to Christian education regarding world missions to local churches and related groups. Through the ministry of Overseas Council and its staff, which includes ten national leaders around the world, the Organization provides leadership development, faculty development and support, training events and conferences, consulting, student scholarships, library enhancement, and financial assistance to theological schools overseas.
- Leadership development – The Organization’s missionaries and staff are involved in leadership development to form Christ-like leaders around the world. The Organization provides leadership development through formal programs like Avance in Mexico City, Mexico and East Mountain in Stellenbosch, South Africa and also provides leadership development through non-formal mentoring, spiritual formation retreats, coaching, etc. The Organization believes that equipping and strengthening national leaders will significantly increase long-term sustainability and impact of the church and Christian ministries worldwide.

UNITED WORLD MISSION INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

NOTE A – NATURE OF ACTIVITIES (Continued)

- Community development and compassion – The Organization’s missionaries and staff serve with indigenous Christian ministries to facilitate partnerships and carry out ministries that serve the poor and disenfranchised through ministries of mercy and justice. As often as possible, they seek to integrate ministries of compassion and development with church outreach and new church planting. These ministries include serving victims of human trafficking, caring for children at risk, small business formation, medical work, appropriate technology agricultural development, and other ministries that benefit communities, and especially the poor and needy, in the name of Christ.
- Home ministry – The Organization’s missionaries serve periodically on home ministry assignments during which they provide ministry reports to sending churches and other donors, provide Christian education regarding world missions, recruit new missionaries for Christ’s mission, and engage in fundraising for their ministries and partners. In addition, missionaries dedicate time and effort during home ministry assignments to continuing education and other forms of renewal that prepare them for increased effectiveness when they return to field ministry.
- Church mobilization – The Organization has staff dedicated to serving churches in North America to assist them in mission mobilization, strategy development, global partnerships, and other forms of collaboration. In addition, appointees and missionaries on home ministry assignment dedicate significant time to mobilizing churches and individuals for participation in global, cross-cultural ministry. Sometimes this service leads to churches participating with the Organization (and/or other agencies) by sending missionaries. Other times, it leads to the Organization facilitating the church in partnership with field teams and/or national partners.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Organization recognizes cash contributions as revenue when the contributions are received by the Organization. Contributions received are recorded as without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as “net assets released from restrictions.”

All contributions are received as donations to the Organization and not to specific individuals. Contributions which donors request to be used to support the ministry activities of specific missionaries or specific projects are under the full control of the Organization. In order to conservatively account for such contributions, the Organization recognizes them as net assets with donor restrictions until they are expended for appropriate ministry purposes.

Tuition and seminary revenue is recognized ratably throughout the Organization’s academic year. All other revenue is recognized in the period earned.

Assessments

The Board of Directors has established a policy to utilize up to 14% of contributions restricted for the support of certain ministries to help offset general operational expenses, including the cost of operating the United States headquarters office. The amounts so utilized are reflected within “net assets released from restrictions” in the accompanying consolidated statement of activities.

Cash and cash equivalents

The Organization considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

UNITED WORLD MISSION INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and investments restricted for long-term purposes

Cash and investments restricted for long-term purposes are restricted pursuant to an endowment agreement.

Investments

Investments are carried at estimated fair value.

Property and equipment

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is provided using the straight line method over the estimated useful lives of the assets.

Net assets

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion (See Note I). Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

Functional allocation of expenses

The consolidated statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time.

Income taxes

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to state law. The Organization is further classified as a public charity and not a private foundation for federal tax purposes. The LLC is treated as a disregarded entity for federal tax purposes. The Organization has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying consolidated financial statements.

Use of estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these consolidated financial statements include those used in estimating the fair value of investments and the useful lives of buildings and equipment. Actual results could differ from the estimates.

Recently adopted accounting pronouncement

Financial Accounting Standards Board Accounting Standards Update ("ASU 2016-18"), Statement of Cash Flows (Topic 230): Restricted Cash is effective for the Organization's consolidated financial statements for the year ended June 30, 2020. ASU 2016-18 requires that amounts described as restricted cash or restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total cash amounts shown on the consolidated statement of cash flows. The adoption of ASU 2016-18 had no effect on the Organization's consolidated net assets as of July 1, 2019.

UNITED WORLD MISSION INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Economic uncertainties

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus originating in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Organization’s financial condition and has taken actions to mitigate its impact. Such actions include availing the Organization of relief measures available under federal law and reducing the overall scope and cost of operations. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity for the year ending June 30, 2021.

Subsequent events

The Organization has evaluated for possible financial reporting and disclosure subsequent events through October 6, 2020, the date as of which the consolidated financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the consolidated statement of financial position as of June 30, 2020 are as follows:

Cash and cash equivalents	\$ 4,950,602
Cash and investments restricted for long-term purposes	206,395
Investments	<u>7,167,332</u>
Total financial assets available	12,324,329
Less:	
Amounts unavailable due to donor restrictions	(2,388,843)
Amounts unavailable due to Board designations	<u>(2,178,351)</u>
Net financial assets available within one year	<u>\$ 7,757,135</u>

The Organization is primarily supported by contributions. As part of the Organization’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board of Directors has designated certain amounts for various purposes (See Note I). Because of the designations, those amounts are not available for general expenditure within one year; however, the Board of Directors could make them available, if necessary.

The Organization has certain assets limited to use for donor-restricted purposes. Because a donor’s restriction requires resources to be used in a specific manner or in a future period, the Organization must maintain sufficient resources to meet its responsibilities to its donors. Thus, those financial assets may not be available for general expenditure within one year of June 30, 2020, and are excluded from net financial assets available to meet general expenditures within one year. The Organization also has certain donor-restricted net assets which are available for general expenditure within one year of June 30, 2020, because the restrictions on the net assets are expected to be met by conducting the normal activities of the Organization’s programs in the coming year.

Management believes the Organization has sufficient liquid assets available for general operations that may be drawn upon in the event of an unanticipated financial distress or an immediate liquidity need.

UNITED WORLD MISSION INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020

NOTE D – CONCENTRATIONS

The Organization maintains its cash and cash equivalents in deposit accounts and money market funds which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

99% of the Organization’s investments are held by one custodian.

NOTE E – CASH AND INVESTMENTS RESTRICTED FOR LONG-TERM PURPOSES

Cash and investments restricted for long-term purposes consisted of the following:

Cash and cash equivalents	\$ 136,890
Investments	<u>69,505</u>
Total investments restricted for long-term purposes	<u>\$ 206,395</u>

NOTE F – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments (including restricted investments) consisted of the following:

Equity securities	\$ 285,068
Certificates of deposit	6,864,278
Other investments	<u>87,491</u>
Total investments	<u>\$ 7,236,837</u>

GAAP defines fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

UNITED WORLD MISSION INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020

NOTE F – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The estimated fair value of assets measured on a recurring basis at June 30, 2020, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 285,068	\$ 285,068	\$ —	\$ —
Certificates of deposit	6,864,278	—	6,864,278	—
Other investments	<u>87,491</u>	<u>—</u>	<u>87,491</u>	<u>—</u>
Total assets	<u>\$ 7,236,837</u>	<u>\$ 285,068</u>	<u>\$ 6,951,769</u>	<u>\$ —</u>

The estimated fair value of the certificates of deposit and other investments (valued using Level 2 inputs) are based on the amounts provided by certain financial institutions. The Organization’s certificates of deposit mature through October 2023 and include interest rates of up to 2.8% per annum.

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Land	\$ 28,133
Buildings and improvements	1,249,759
Furniture and equipment	745,652
Vehicles	<u>59,034</u>
Total property and equipment	2,082,578
Less: Accumulated depreciation	<u>(1,580,639)</u>
Property and equipment, net	<u>\$ 501,939</u>

For the year ended June 30, 2020, depreciation expense was approximately \$79,000.

During the year ended June 30, 2020, the Organization determined that it did not have clear ownership rights to certain property and equipment held in a certain foreign country. Accordingly, the Organization recognized a loss of \$269,580 related to the write off of these assets which is included in the consolidated statement of activities as “loss on write off of assets.”

NOTE H – NOTE PAYABLE

During the year ended June 30, 2020, the Organization obtained a Paycheck Protection Program note payable (“PPP loan”) in the amount of \$888,251. The PPP loan is unsecured and is payable to a financial institution at a fixed rate of 1.00% per annum with a deferral of interest and principal payments ending on the earlier of the date the Small Business Administration issues a decision on the forgiveness amount of the loan or August 2021. The PPP loan matures in May 2022. Pursuant to federal law, the PPP loan may be forgiven in whole or in part based on the nature of the Organization’s expenditures during an applicable period. During the year ended June 30, 2020, management estimates that the Organization incurred or spent \$791,389 of expenditures eligible for forgiveness. This amount has been recognized as a reduction to “note payable” in the accompanying consolidated statement of financial position as of June 30, 2020 and as “grant revenue from Paycheck Protection Program loan forgiveness” in the accompanying consolidated statement of activities for the year ended June 30, 2020. Management expects that the full balance of the PPP loan will be forgiven.

UNITED WORLD MISSION INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020

NOTE I – BOARD DESIGNATED NET ASSETS

Net assets were designated by the Organization’s Board of Directors for the following purposes:

Overseas Council strategic reserve	\$ 1,728,244
Health insurance reserves	<u>450,107</u>
Total board designated net assets	<u>\$ 2,178,351</u>

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were for the following purposes:

Various missionary-related activities	\$ 5,475,040
Projects	2,254,772
Endowment corpus	<u>134,071</u>
Total net assets with donor restrictions	<u>\$ 7,863,883</u>

The Organization holds an endowment wherein the corpus is required to be invested in perpetuity. Distributions from earnings on the endowment are restricted for Overseas Council ministries.

NOTE K – RETIREMENT PLANS

The Organization maintains a retirement plan (“the Plan”) as prescribed by Section 401(k) of the Internal Revenue Code. The Plan covers all employees who elect to participate. No employer contributions were made to the Plan during the year ended June 30, 2020.

The Organization sponsors a non-qualified defined benefit retirement plan for 12 retired missionaries. The respective liability is calculated by an actuary and was approximately \$55,000 as of June 30, 2020 and is included within “other liabilities” in the consolidated statement of financial position.