CENTER FOR YOUTH MINISTRY TRAINING

FINANCIAL STATEMENTS

June 30, 2022 and 2021

Center for Youth Ministry Training
June 30, 2022 and 2021

Contents

Charles Akersloot III, CPA, CVA
Kenneth W. Jones, CPA, CGMA
Christopher H. Grayson, CPA, MBA
www.ajgcpas.com

AJG CPAs, PLLC
215 Centerview Drive, Suite 250
Brentwood, TN 37027
615.678.7173 OFFICE
615.678.7966 FAX

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Center for Youth Ministry Training
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of the Center for Youth Ministry Training (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center for Youth Ministry Training as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Center for Youth Ministry Training 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 Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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, including omissions, 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 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 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 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 Center for Youth Ministry Training'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Center for Youth Ministry Training'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.

AJG CPAs, PLLC

March 30, 2023
Brentwood, Tennessee

Center for Youth Ministry Training
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	$ 151,244	$ 252,922
Investments, unrestricted	66,609	117,647
Investments, board designated endowment fund	465,335	505,189
Investments, restricted to purpose of grant	1,619,903	937,805
Accounts receivable, program services	302,252	132,694
Unconditional promises to give, unrestricted, net of allowance for doubtful accounts of $49,166 and $30,446	198,337	21,014
Employee retention credit receivable	183,388	-
Prepaid expenses	1,553	15,865
Total Current Assets	**2,988,621**	**1,983,136**
PROPERTY AND EQUIPMENT		
Office equipment	35,175	35,175
Furniture and fixtures	12,042	12,042
Leasehold improvements	36,123	36,123
Total property and equipment	83,340	83,340
Less: accumulated depreciation	(74,412)	(69,130)
Property and Equipment, Net	**8,928**	**14,210**
OTHER ASSETS		
Unconditional promises to give, due in one to five years	166,500	100
Total Assets	**$ 3,164,049**	**$ 1,997,446**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 64,177	$ 91,440
Deposits and other unearned revenue		
Churches	6,983	9,170
Students	84,702	61,410
Deferred contract revenue	218,483	176,333
Total Current Liabilities	**374,345**	**338,353**
NET ASSETS		
Without donor restrictions	464,956	721,288
With donor restrictions	2,324,748	937,805
Total Net Assets	**2,789,704**	**1,659,093**
Total Liabilities and Net Assets	**$ 3,164,049**	**$ 1,997,446**

The accompanying notes are an integral part of these financial statements.

Center for Youth Ministry Training
Statements of Activities
For the years ended June 30, 2022 and 2021

	For the Year Ended June 30, 2022			For the Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
INCREASES IN NET ASSETS						
Contributions	$ 67,617	$ 1,954,723	$ 2,022,340	$ 308,367	$ 996,184	$ 1,304,551
In-kind donation	50,000	-	50,000	50,000	-	50,000
Program services revenue - Theology Together	116,332	-	116,332	-	-	-
Program services revenue - events	111,381	-	111,381	-	-	-
Program services revenue - residency	1,485,979	-	1,485,979	1,443,022	-	1,443,022
Program services revenue - students	132,262	-	132,262	73,493	-	73,493
Publishing, book store and merchandise	311	-	311	159	-	159
Investment income	184,853	-	184,853	81,288	-	81,288
Unrealized investment gain (loss)	(366,682)	-	(366,682)	168,066	-	168,066
PPP Loan forgiveness/ERC Income	183,388	-	183,388	150,000	-	150,000
Other income	540	-	540	146	-	146
Total Support and Revenues	**1,965,981**	**1,954,723**	**3,920,704**	**2,274,541**	**996,184**	**3,270,725**
Net assets released from restrictions	567,780	(567,780)	-	515,690	(515,690)	-
TOTAL INCREASES IN NET ASSETS	**2,533,761**	**1,386,943**	**3,920,704**	**2,790,231**	**480,494**	**3,270,725**
EXPENSES						
Program services	2,314,509	-	2,314,509	2,250,183	-	2,250,183
Management and general	475,584	-	475,584	354,731	-	354,731
Fundraising	-	-	-	-	-	-
Total Expenses	**2,790,093**	**-**	**2,790,093**	**2,604,914**	**-**	**2,604,914**
Change in Net Assets	**(256,332)**	**1,386,943**	**1,130,611**	**185,317**	**480,494**	**665,811**
Net assets, beginning of year	721,288	937,805	1,659,093	535,971	457,311	993,282
Net assets, end of year	**$ 464,956**	**$ 2,324,748**	**$ 2,789,704**	**$ 721,288**	**$ 937,805**	**$ 1,659,093**

The accompanying notes are an integral part of these financial statements.

Center for Youth Ministry Training
Statement of Functional Expenses
For the year ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Bank, brokerage and payroll fees	$ 9,271	$ 7,897	$ -	$ 17,168
Bad debt expense	-	18,721	-	18,721
Depreciation	-	5,282	-	5,282
Employees' business expense	47,311	3,020	-	50,331
Executive director business expenses	-	44,077	-	44,077
Innovation Laboratory expenses	140,103	-	-	140,103
Insurance	14,632	3,658	-	18,290
Marketing	97,621	-	-	97,621
Miscellaneous expenses	986	-	-	986
Office, supplies, equipment and IT resources	3,706	11,736	-	15,442
Other business and organization expenses	-	20,374	-	20,374
Other employee support	11,839	-	-	11,839
Payroll taxes	94,743	25,443	-	120,186
Regional and other directors business expenses	4,001	1,518	-	5,519
Rent, office and student facilities	254,775	41,475	-	296,250
Salaries and benefits - other	535,262	288,218	-	823,480
Salaries and benefits - students	563,266	-	-	563,266
Student and resource books and curriculum	42,339	-	-	42,339
Student class fees and tuition	212,065	-	-	212,065
Telephone and internet	1,583	1,935	-	3,518
Theology Together and Collide expenses	171,603	-	-	171,603
Training events, retreats and orientation expenses	109,246	2,230	-	111,476
Web development and resources	157	-	-	157
Total Expenses	**$ 2,314,509**	**$ 475,584**	**$ -**	**$ 2,790,093**

The accompanying notes are an integral part of these financial statements.

Center for Youth Ministry Training
Statement of Functional Expenses
For the year ended June 30, 2021

	Program Services	Management and General	Fundraising	Total
Bank, brokerage and payroll fees	$ 9,261	$ 7,889	$ -	$ 17,150
Bad debt expense	-	12,356	-	12,356
Depreciation	-	5,293	-	5,293
Employees' business expense	27,709	1,769	-	29,478
Executive director business expenses	-	3,843	-	3,843
Innovation Laboratory expenses	334,984	-	-	334,984
Insurance	11,946	2,987	-	14,933
Marketing expenses	68,992	-	-	68,992
Miscellaneous expenses	713	-	-	713
Office, supplies, equipment and IT resources	3,456	10,943	-	14,399
Other business and organization expenses	-	13,739	-	13,739
Other employee support	18,120	-	-	18,120
Payroll taxes	76,858	20,640	-	97,498
Regional and other directors business expenses	4,220	1,601	-	5,821
Rent, office and student facilities	176,015	28,654	-	204,669
Salaries and benefits - other	449,137	241,843	-	690,980
Salaries and benefits - students	554,824	-	-	554,824
Student and resource books and curriculum	54,304	-	-	54,304
Student class fees and tuition	218,094	-	-	218,094
Telephone and internet	1,769	2,162	-	3,931
Theology Together and Collide expenses	190,083	-	-	190,083
Training events, retreats and orientation expenses	49,611	1,012	-	50,623
Web development and resources	87	-	-	87
Total Expenses	**$ 2,250,183**	**$ 354,731**	**$ -**	**$ 2,604,914**

The accompanying notes are an integral part of these financial statements.

Center for Youth Ministry Training
Statements of Cash Flow
For the years ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,130,611	$ 665,811
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	5,282	5,293
Unrealized (gain) loss on investments	366,682	(168,066)
PPP loan forgiveness income	-	(150,000)
Bad debt	18,721	12,356
Changes in operating assets and liabilities:		
Pledges receivable	(362,444)	50,126
Accounts receivable	(169,558)	(76,758)
Employee retention credit receivable	(183,388)	-
Prepaid expenses	14,312	(5,919)
Accounts payable	(36,925)	38,346
Withheld health insurance premiums payable	822	(251)
Accrued expenses	8,839	25,709
Deferred contract revenue	42,150	(1,000)
Deposits and unearned revenue	21,105	13,830
Cash Flows Provided (Used) by Operating Activities	**856,209**	**409,477**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,980,984)	(1,161,858)
Sale of investments	1,023,097	560,254
Employee housing assistance loan installment forgiven	-	10,000
Cash Flows Provided (Used) by Investing Activities	**(957,887)**	**(591,604)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Cash	**(101,678)**	**(182,127)**
Net Cash, beginning of year	252,922	435,049
Net Cash, end of year	**$ 151,244**	**$ 252,922**
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

The accompanying notes are an integral part of these financial statements.

Note 1. ORGANIZATION

The Center for Youth Ministry Training (the "Center" or "CYMT") is an organization exempt from income tax incorporated under the laws of the state of Tennessee on February 27, 2006. The Center is the creation from a shared vision of Brentwood United Methodist Church and First Presbyterian Church in Nashville for an institute to provide training of youth ministers, particularly those entering their first youth ministry positions. In May, 2015, the Center granted founding church status to Bethany United Methodist Church in Austin, Texas, to extend the area served by the Center's mission. The Center accepts graduate level students who participate in a curriculum earning credits for a degree of Master of Arts in Youth Ministry. The Center provides theological and practical training for churches with established youth ministry programs and their youth leaders, but the primary focus is that of an educational institution developing dynamic partnerships between the Center's Graduate Residents and participating Partner Churches which culminates in the establishment of sustainable and vibrant youth ministry programs. CYMT trains and educates. CYMT builds foundations. CYMT creates life-changing youth ministries.

The Center is governed by a board of directors. The Center's support comes primarily through donor contributions, grants, student residency fees, and fees from churches participating in the Center's youth ministry program.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Center reports information regarding its financial position and activities according to two classes of net assets (with and without donor restrictions) based upon the existence or absence of donor-imposed restrictions. Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any specified restrictions.

Basis for Accounting

The Center uses the accrual basis of accounting whereby revenue and support are recognized when earned and expenses are recognized when incurred.

Recognition of Donor Contributions and Support

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Support that is free from donor-imposed restrictions is recognized as revenues and an increase in net assets without donor restrictions in the period it is earned. Donor-restricted support is recognized as an increase in net assets with donor restrictions. When a restriction expires, either with the passage of time or fulfillment of the specific purpose of the restricted donation, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Classification of Net Assets

In the accompanying financial statements, the Center's net assets that have similar characteristics have been combined into the following two categories:

- Net assets without donor restrictions are not subject to donor-imposed restrictions, or the donor-imposed restriction have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Center.
- Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety days of purchase. The Center considers all investments with an original maturity of three months or less on their acquisition date to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded when invoices are issued and are presented in the balance sheet net of any allowance for doubtful accounts. Management estimates accounts receivable that will not be collected based on the financial condition of its customers, prior experience, and existing economic conditions. Accounts receivable are written off when they are determined to be uncollectible. No allowance for doubtful accounts has been recorded at June 30, 2021 or 2020, because conditions for accrual of a loss contingency pursuant to the *Subsequent Measurement* subtopic of ASC 310, *Receivables*, have not been met. The Center currently does not charge interest on any past due accounts.

Investments

Investments in marketable securities with readily determinable market values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities as part of change in net assets.

Property and Equipment

The Center capitalizes acquisitions of property and equipment of $500 or more. Fixed assets are recorded at cost, or in the case of contributed property, at the fair market value at the date of contribution. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is recorded in income for the period. The cost of maintenance and repairs is expensed as incurred.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment - Continued

Donations of property and equipment are reported as contributions at the date of the donation without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Center reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Center has not adopted a policy for implying time restrictions that expire over the useful lives of donated property and equipment if those donated assets are received without stipulations about how long the assets must be used, or are acquired with gifts restricted for those acquisitions.

Depreciation is computed generally using the straight-line method over estimated useful lives as follows:

Asset Category	Years
Furniture & Fixtures	10
Office Equipment	3-5
Leasehold improvements	10

Depreciation expense for the years ended June 30, 2022 and 2021 totaled $5,282 and $5,293, respectively.

Donated Service

Unpaid volunteers make contributions of time in various administrative and program functions. The value of contributed time is not reflected in the financial statements as it is not susceptible to objective measurement of valuation.

In-Kind Donations

The Center utilizes approximately 1,428 square feet of office facilities owned by Brentwood United Methodist Church. For each of the years ended June 30, 2022 and 2021, management has estimated the fair value of the donated use of the facilities to be $21 per square foot with a discount of 15% for limited use, for an approximate total of $25,000 on an annual basis. This amount is included as in-kind donations and allocated $5,000 to program services expenses and $20,000 to management and general expenses in the statement of activities.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In-Kind Donations - Continued

The Center utilizes a house owned by First Presbyterian Church for use as student housing. The house contains approximately 2,350 square feet. For each of the years ended June 30, 2022 and 2021, management has estimated the fair value of the donated housing to be $.90 per square foot on a monthly basis, or approximately $25,000 annually. This amount is included as in-kind donations and program service expenses in the statement of activities.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses that can be directly attributed to a particular function are charged to that function.

Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Allocated expenses and method of allocation are as follows:

Expense	Method of Allocation
Bank, brokerage and payroll fees	Time and effort
Employees' business expense	Time and effort
Insurance	Time and effort
Miscellaneous	Time and effort
Office, supplies, equipment and IT resources	Time and effort
Payments to founding churches for executive staff	Time and effort
Payroll taxes	Time and effort
Regional and other directors business expenses	Time and effort
Rent, office and student facilities	Square footage
Salaries and benefits - other	Time and effort
Telephone and internet	Square footage
Training events, retreats and orientation expenses	Time and effort

Advertising

The Center uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2022 and 2021, was $97,621 and $68,992, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Tax Status

The Center is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue code and similar state income tax laws. The Center is a non-private foundation.

The Center recognizes a tax position as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur.

The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

As of June 30, 2022 and 2021, the Center has accrued no interest or penalties related to uncertain tax positions. It is the Center’s policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Center's Form 990, Return of Organization Exempt From Income Tax, for the years ended June 30, 2022 and 2021 and 2020, are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Reclassifications

Certain reclassifications have been made to the June 30, 2021 financial statements to conform to the current year's presentation. Net assets and change in net assets are unaffected due to these reclassifications.

Subsequent Events

Subsequent events have been evaluated through March 30, 2023, which is the date the financial statements were available to be issued.

Note 3. RESTRICTED SECURITIES

The Center received proceeds of a grant from a private foundation during the year ended June 30, 2018, for the creation of the Innovation Laboratory for Youth Ministry. The grant period is from October 1, 2017, through June 30, 2021, which is the period during which the Center must expend or appropriate the grant funds.

The grant stipulates the use of the grant funds be restricted to the purpose of the grant. Unexpended funds from this grant were $0 and $108,197, respectively, at June 30, 2022 and 2021, and are shown as part of investments in securities restricted to purpose of the grant at that date. The remaining funds have been appropriated and were fully expended by June 30, 2022.

During the year ending June 30, 2022 and 2021, the Center received grant funds from a private foundation totaling $1,188,936 and $996,184 to help fund the Fostering Congregational Change project. These funds have been placed in an investment account which is limited to be used only for the purpose of the grant and not for general use. The grant period is June 1, 2020 through June 30, 2024. Unexpended funds from this grant totaled $786,349 as of June 30, 2021 and $1,787,797 after the addition during 2022.

Note 4. PROMISES TO GIVE

Unconditional promises to give consists of the following:

	2022	2021
Promises without donor restrictions	$ 414,003	$ 51,560
Less: allowance for uncollectible pledges	(49,166)	(30,446)
Promises to give, net	**$ 364,837**	**$ 21,114**

Amounts due in:		
Less than one year	$ 247,503	$ 51,460
One to five years	166,500	100
	$ 414,003	**$ 51,560**

The Center considers that discounting long-term pledges to be immaterial and has elected to report promises to give at the full pledge amount less an allowance for uncollectible pledges.

Note 5. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available for the following purposes:

	2022	2021
Creation of Innovation Laboratory for Youth Ministry	$ 931,891	$ 108,197
Creation of Texas Innovation Laboratory for Youth Ministry	121,882	43,259
Long-term portion of Promises to Give	166,500	-
Endowment Fund	465,335	-
Mark Devries Legacy Fund	55,329	-
Restricted to use on Theology Together 2.0: Fostering Change Project.	583,811	786,349
Net assets with donor restrictions	**$ 2,324,748**	**$ 937,805**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors at June 30, 2022 and 2021 are as follows:

	2022	2021
Time restrictions	$ -	$ 35,186
Program restrictions	567,780	480,504
	$ 567,780	**$ 515,690**

During the year ended June 30, 2022, the Center reclassed the endowment funds to be considered part of the restricted net assets, even though the endowment funds are only board designated, due to its placement in an endowment fund the funds meet the criteria to account for the funds as net assets with restrictions.

Note 5. RESTRICTIONS ON NET ASSETS - Continued

Net assets as of June 30, 2022 and 2021 are as follows:

	2022	2021
Without restrictions		
Board-designated endowment fund	$ -	$ 505,189
Undesignated	464,956	216,099
Total without donor restrictions	**464,956**	**721,288**
With restrictions	2,324,748	937,805
Total net assets	**$ 2,789,704**	**$ 1,659,093**

Note 6. ENDOWMENT

The Center's endowment has been established as a general endowment to support the mission of the Organization. The fund has been designated by the Board of Directors to function as an endowment. As required by U.S. GAAP, net assets associated with endowment funds, including

funds designated by the Board of Directors to function as endowments, if any, are classified and reported based on the existence or absence of donor-imposed restrictions. There are no donor-imposed restrictions on any endowment funds held as of June 30, 2022 and 2021.

The Board of Directors of the Center has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 Center classifies as net assets with permanent restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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 permanent restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard prudence prescribed by SPMIFA. In accordance with SPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor restricted endowment funds, (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 Center's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies

The Center has adopted investment policies, approved by the Board of Directors, that attempt to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed so as not to expose the fund to unacceptable levels of risk.

Note 6. ENDOWMENT - CONTINUED

Spending Policy

The Center has adopted a spending policy allowing accumulated earnings, plus 5% of the principal amount, to be used each year for fixed operating costs. Approval from the Board of Directors is required before any endowment funds are withdrawn.

Changes in the board designated endowment fund for the years ending June 30, 2022 and 2021 is as follows:

	2022	2021
Endowment net assets - beg. of year	$ 505,189	$ 492,079
Investment income (loss)	70,655	22,170
Net appreciation (depreciation)	(106,418)	95,030
Investment expenses	(4,091)	(4,090)
Withdrawals	-	(100,000)
Endowment net assets - end of year	**$ 465,335**	**$ 505,189**

Note 7. NOTES PAYABLE

On May 7, 2020, the Center received loan proceeds in the amount of $150,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The interest rate on the PPP Loan is a fixed rate of 1% per annum. To the extent that the amounts owed under the PPP Loan, or a portion of it is not forgiven, the Center will be required to make principal and interest payments in monthly installments beginning six months from the date of the PPP Loan. The PPP Loan will mature in two years. The Center received notification during 2021 that the loan was fully forgiven and the Center elected to wait until loan was forgiven before including as income.

Note 8. EMPLOYEE RETENTION CREDIT

Under the provisions of the CARES Act signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the Center was eligible for a refundable employee retention credit subject to certain criteria. The Center recognized a $183,388 employee retention credit during 2022. The balance is expected to be received during the subsequent year.

Note 9. COMPENSATED ABSENCES

Employees of the Center are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. The Center accrues paid time off as earned. As of June 30, 2022 and 2021 the amount of unused paid time off totaled $49,739 and $39,479, respectively.

Note 10. INVESTMENT RETURNS

The following schedule summarizes investment returns and their classification in the statement of activities for the years ended June 30, 2022 and 2021:

	2022	2021
Interest income	$ 3,202	$ 2,919
Dividends and capital gain distributions	36,034	46,918
Realized gain (loss) on sale of investments	145,617	31,451
Total Investment Income	**$ 184,853**	**$ 81,288**
Fair value	$ 2,169,528	$ 1,560,641
Cost	(2,378,673)	(1,403,104)
Unrealized Gain (Loss)	**$(209,145)**	**$ 157,537**

Note 11. FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, program service receivables and payables reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Investments in securities are reported at fair value on a recurring basis by reference to quoted market prices and other relevant information generated by market transactions.

There are no assets for which significant observable inputs other than quoted prices for identical investments in active markets (Level 2), or significant unobservable inputs (Level 3) were used as a measurement of fair value at June 30, 2022 and 2021.

The fair value measurements at June 30, 2022 and 2021 are as follows, based on quoted prices in established and active markets (Level 1):

	2022	2021
Mutual Funds	2,169,528	1,560,641
Total Investments	**$ 2,169,528**	**$ 1,560,641**

Total investments in securities are shown on the statement of financial position as follows:

	2022	2021
Without donor restrictions, includes cash equivalents of $17,681 and 4,384, respectively	$ 84,290	$ 117,647
Endowment fund	465,335	505,189
Restricted to purpose of grant	1,619,903	937,805
	$ 2,169,528	**$ 1,560,641**

The Center recognizes transfers of assets into and out of levels within the fair value hierarchy of those measurements as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended June 30, 2022 and 2021.

Note 12. CONCENTRATIONS

The Center maintains deposits in financial institutions that at times exceed the amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC).

Note 13. RISKS AND UNCERTAINTIES

On March 11, 2020, the spread of the COVID-19 virus was declared a "pandemic" by the World Health Organization. The COVID-19 virus situation continues to evolve rapidly. COVID-19 is still ongoing and the extent to which COVID-19 may impact the Center's operations is uncertain and the full effect it may have on the Center cannot be quantified at this time.

Note 14. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Center's financial assets available for general expenditure within one year of the date of the financial position consists of the following:

	June 30, 2022	June 30, 2021
Cash	$ 151,244	$ 252,922
Investments	2,151,847	1,560,641
Accounts receivable	302,252	132,694
Promises to give. net	364,837	21,114
Total financial assets	**2,970,180**	**1,967,371**
Less those unavailable for general expenditures within one year, due to donor restrictions to payment of expenditures for --		
Innovation Laboratory for Youth Ministry Project	(931,891)	(108,197)
Innovation Labs in Youth Ministry in support of female clergy within the state of Texas	(121,882)	(43,259)
Thinking Theology 2.0: Fostering Change Project.	(583,811)	(786,349)
Less: Promises to give due in more than one year	(166,500)	(100)
Total financial assets available within one year	**$ 1,166,096**	**$ 1,029,466**

As part of its liquidity management, the Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Center has a money market account with a brokerage where it can invest available cash in excess of short-term requirements.