

CENTER FOR YOUTH MINISTRY TRAINING

AUDIT OF FINANCIAL STATEMENTS

JUNE 30, 2016

**CENTER FOR YOUTH MINISTRY TRAINING
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R. SCOTT DIXON

CERTIFIED PUBLIC ACCOUNTANT

812 18TH Avenue, South #12
P.O. Box 330941
Nashville, Tennessee 37203

Telephone:
Music Row: (615) 256-2260
Harding Road (615) 385-5081

Independent Auditor's Report

To the Board of Directors
Center for Youth Ministry Training
309 Franklin Road
Brentwood, Tennessee 37027

We have audited the accompanying financial statements of Center for Youth Ministry Training (a nonprofit organization) which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities 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 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 financial statements are free of 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.

(continued)

Independent Auditor's Report, continued

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 Center for Youth Ministry Training as of June 30, 2016 and 2015, 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.

Other-matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such other information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Nashville, Tennessee
February 9, 2017

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	<i>June 30,</i>	
	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents, unrestricted	\$ 90,697	\$ 100,411
Investments in securities (Note 7)	781,495	742,140
Unconditional promises to give, unrestricted	126,859	142,709
Accounts receivable	21,759	3,775
Prepaid expenses	1,276	463
Employee loan (Note 4)	-	4,000
Assets temporarily restricted for long-term project --		
Cash and securities (Note 8)	-	139,214
Property and equipment, net (Note 5)	32,586	37,709
TOTAL ASSETS	<u>\$ 1,054,672</u>	<u>\$ 1,170,421</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 3,887	\$ 4,203
Payroll taxes payable	329	3,783
Accrued expenses	6,230	10,192
Deferred contract revenue	165,300	113,700
Deposits and other unearned revenue --		
Churches	6,000	2,086
Students	19,275	12,250
TOTAL LIABILITIES	<u>201,021</u>	<u>146,214</u>
NET ASSETS		
Unrestricted	853,651	884,993
Temporarily restricted (Note 8)	-	139,214
TOTAL NET ASSETS	<u>853,651</u>	<u>1,024,207</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,054,672</u>	<u>\$ 1,170,421</u>

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

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2016 AND 2015

	<i>For the Year Ended June 30, 2016</i>			<i>For the Year Ended June 30, 2015</i>		
	<i>Temporarily</i>			<i>Temporarily</i>		
	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
INCREASES IN NET ASSETS						
Contributions --						
Cash, pledges and securities	\$ 244,570	\$ -	\$ 244,570	\$ 220,960	\$ -	\$ 220,960
In-kind donations (Note 2)	54,500	-	54,500	54,500	-	54,500
Program services revenue, Theology Together	41,219	-	41,219	29,979	-	29,979
Program services revenue, Youth Ministry Academy	11,379	-	11,379	-	-	-
Program services revenue, churches	599,114	10,000	609,114	700,727	-	700,727
Program services revenue, students	96,741	-	96,741	56,200	-	56,200
Special event revenue	11,170	-	11,170	18,360	-	18,360
Publishing income	1,736	-	1,736	5,656	-	5,656
Investment returns (Note 6)	36,941	-	36,941	115,815	-	115,815
Unrealized investment gains (loss)	(38,541)	-	(38,541)	(99,915)	-	(99,915)
Total support and revenue	1,058,829	10,000	1,068,829	1,102,282	-	1,102,282
Net assets released from restrictions	149,214	(149,214)	-	80,068	(80,068)	-
TOTAL INCREASES IN NET ASSETS	1,208,043	(139,214)	1,068,829	1,182,350	(80,068)	1,102,282
DECREASES IN NET ASSETS						
Program services	1,041,415	-	1,041,415	913,399	-	913,399
Management and general	193,971	-	193,971	183,930	-	183,930
Fundraising	3,999	-	3,999	8,009	-	8,009
TOTAL DECREASES IN NET ASSETS	1,239,385	-	1,239,385	1,105,338	-	1,105,338
CHANGE IN NET ASSETS	(31,342)	(139,214)	(170,556)	77,012	(80,068)	(3,056)
NET ASSETS, beginning of the year	884,993	139,214	1,024,207	807,981	219,282	1,027,263
NET ASSETS, end of the year	\$ 853,651	\$ -	\$ 853,651	\$ 884,993	\$ 139,214	\$ 1,024,207

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

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	<i>For the Year ended June 30,</i>	
	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (170,556)	\$ (3,056)
Adjustments to reconcile change in net assets		
Depreciation	6,430	5,478
Unrealized investment gains and losses	38,541	99,915
(Increase) decrease in operating assets		
Unconditional promises to give --		
Unrestricted	15,850	(122,800)
Accounts receivable	(17,984)	16,795
Prepaid expenses	(812)	5,362
Increase (decrease) in operating liabilities		
Accounts payable	(316)	2,380
Payroll taxes payable	(3,454)	3,647
Accrued expenses	(3,962)	2,520
Deferred contract revenue	51,600	109,367
Deposits and unearned revenue	10,939	(118,031)
Cash restricted for long-term purposes --		
Theology Together youth ministry project	-	219,282
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(73,724)</u>	<u>220,859</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Employee housing loan installment forgiven	4,000	4,000
Purchases of property and equipment	(1,307)	(29,981)
Sale of securities	97,713	411,177
Purchases of securities	-	(604,609)
Dividends received and reinvested	(36,396)	(41,753)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>64,010</u>	<u>(261,166)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,714)	(40,307)
CASH AND CASH EQUIVALENTS, beginning of the year	<u>100,411</u>	<u>140,718</u>
CASH AND CASH EQUIVALENTS, end of the year	<u>\$ 90,697</u>	<u>\$ 100,411</u>
NONCASH INVESTING ACTIVITIES		
Amounts included in change in net assets --		
Donated securities, included as contributions	<u>\$ 1,036</u>	<u>\$ 1,612</u>

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

CENTER FOR YOUTH MINISTRY TRAINING
SCHEDULE OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2016 AND 2015

	For the Year Ended June 30, 2016				For the Year Ended June 30, 2015			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Payments to founding church for executive director	\$ -	\$ 81,758	\$ -	\$ 81,758	\$ -	\$ 83,539	\$ -	\$ 83,539
Payments to founding church for regional director	20,663	-	-	20,663	-	-	-	-
Salaries and benefits--								
Student compensation	284,429	-	-	284,429	314,199	-	-	314,199
Other salaries and benefits	215,804	22,630	-	238,434	195,448	21,763	-	217,211
Other employee support	31,530	-	-	31,530	-	-	-	-
Payroll taxes	31,928	1,323	-	33,251	32,106	1,604	-	33,710
Theology Together expenses	141,046	-	-	141,046	80,068	-	-	80,068
Executive director business expenses	-	7,703	-	7,703	-	9,711	-	9,711
Regional and other director business expenses	8,756	634	-	9,390	-	-	-	-
Employees' business expenses	23,931	-	-	23,931	25,504	-	-	25,504
Other business and organizational expenses	-	4,153	-	4,153	-	-	-	-
Legal and accounting fees	-	10,000	-	10,000	-	10,000	-	10,000
Student and resource books and curriculum	21,972	-	-	21,972	22,172	-	-	22,172
Student class fees	139,264	-	-	139,264	142,852	-	-	142,852
Student scholarships	6,475	-	-	6,475	-	-	-	-
Office supplies and equipment	2,232	9,410	-	11,642	1,782	4,478	-	6,260
Rent	33,675	20,000	-	53,675	45,322	20,000	-	65,322
Telephone and internet	2,309	-	-	2,309	3,102	2,681	-	5,783
National, fall and spring event retreat expenses	36,982	-	-	36,982	41,308	-	-	41,308
Youth Ministry Academy expenses	23,717	-	-	23,717	-	-	-	-
Bad debt expense	-	500	-	500	-	-	-	-
Bank, brokerage and payroll fees	1,368	8,406	-	9,774	723	7,215	-	7,938
Insurance	-	12,166	-	12,166	-	11,298	-	11,298
Web development and resources	2,276	-	-	2,276	5,324	-	-	5,324
Publishing expenses	668	-	-	668	1,281	-	-	1,281
Marketing expenses	10,738	-	-	10,738	2,208	-	-	2,208
Fundraising expenses	-	-	3,999	3,999	-	-	8,009	8,009
Special event direct costs	-	8,749	-	8,749	-	3,327	-	3,327
Depreciation	-	6,430	-	6,430	-	5,478	-	5,478
Miscellaneous expenses	1,652	109	-	1,761	-	2,836	-	2,836
	\$ 1,041,415	\$ 193,971	\$ 3,999	\$ 1,239,385	\$ 913,399	\$ 183,930	\$ 8,009	\$ 1,105,338

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

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Who We Are and What We Do – Center for Youth Ministry Training 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.

Basis of Accounting and Presentation – The financial statements of the Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Financial statement presentation follows the recommendations and requirements of the Financial Accounting Standards Board in its Accounting Standards Codification No. 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

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. Unrestricted support is recognized as revenues and an increase in unrestricted net assets in the period it is earned. Temporarily restricted support is reported as an increase in temporarily restricted net assets. When net assets are released from the restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Center has no permanently restricted net assets.

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016 AND 2015

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Center considers money market funds and all highly liquid investments purchased and available for current use with an initial maturity of three months or less to be cash equivalents.

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 (See additionally, Note 7.).

Property and Equipment – Property and equipment is reported at cost or, if donated, at the approximate fair value at the time of donation, and include improvements that significantly add to utility or extend useful lives. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is provided for over estimated useful lives of 5 years for office equipment and 10 years for furniture and leasehold improvements (See additionally, Note 5.). Donations of property and equipment are recorded as support at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Income Taxes – The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws.

The Center's Forms 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2013, 2014 and 2015 are subject to examination by the IRS, generally for three years after they were filed.

Advertising Costs -- Costs incurred for advertising and marketing are expensed when incurred. Advertising and marketing expenses are allocated to the Center's program services if primarily benefited or, if primarily benefiting the Organization in nature, to management and general expenses.

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016 AND 2015

NOTE 2 – DONATED SERVICES, MATERIALS AND FACILITIES

The Center receives donated services from unpaid volunteers assisting in its administration and in its program services. The Center recognizes donated services in the accompanying statement of activities if the criteria for recognition of such volunteer effort under FASB ASC 958 have been satisfied.

The Center received donated legal services from an attorney. Management has estimated the fair value of these donated services to be \$4,500, for each of the years ended June 30, 2016 and 2015, based on the approximate amount of time the attorney devoted to providing the services and the attorney's customary hourly fee. This amount is included as in-kind donations and management and general expenses in the statement of activities.

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, 2016 and 2015, 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. The market rate per square foot is an average amount based on comparable rental rates for commercial properties in the immediate area as supplied by a real estate brokerage firm. 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.

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, 2016 and 2015, 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. The market rate per square foot is based on comparable rental rates of houses in the immediate area as supplied by an on-line home and real estate marketplace. This amount is included as in-kind donations and program service expenses in the statement of activities.

NOTE 3 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Center's youth ministry program and the costs of administration have been presented in the separate statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016 AND 2015

NOTE 4 – EMPLOYEE LOAN

The employee loan, in the amount of \$4,000 for the year ended June 30, 2015, was for the purpose of purchasing a residence pursuant to the policies and procedures of the Center's Employer Assisted Housing Program Agreement. The Center's intention was to forgive the loan, in the original amount of \$20,000, ratably over a period of five years. During the term of the loan the employee must remain in the employment of the Center and the home must remain the primary residence of the employee. Certain terminating events may have caused the loan to become immediately due and payable. The remaining balance of the loan was completely forgiven, and the terms having been complied with, during the year ended June 30, 2016.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Office equipment	\$ 25,370	\$ 25,370
Furniture and fixtures	11,257	9,950
Leasehold improvements	<u>36,123</u>	<u>36,123</u>
	72,750	71,443
Less: accumulated depreciation	<u>(40,164)</u>	<u>(33,734)</u>
Property and equipment, net	<u>\$ 32,586</u>	<u>\$ 37,709</u>

NOTE 6 – INVESTMENT RETURNS

The following schedule summarizes investment returns and their classification in the statement of activities for the year ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Interest income	\$ 540	\$ 3,835
Dividends and capital gain distributions	36,396	41,753
Realized gains on sale of investments	<u>5</u>	<u>70,227</u>
Total investment returns	<u>\$ 36,941</u>	<u>\$ 115,815</u>

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016 AND 2015

NOTE 7 – 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, 2016 and 2015.

The fair value measurements at June 30, 2016 and 2015 are as follows, based on quoted prices in established and active markets (Level 1):

<i>Description</i>	<u>2016</u>	<u>2015</u>
Equities	\$ 13,956	\$ 15,627
Corporate/Government Bonds	-	97,961
Mutual Funds	<u>767,539</u>	<u>767,766</u>
Total investments in securities	<u>\$781,495</u>	<u>\$881,354</u>

Investments are classified on the statement of financial position as follows:

Unrestricted	\$781,495	\$742,140
Temporarily restricted for use in long-term project	<u>-</u>	<u>139,214</u>
Total investments in securities	<u>\$781,495</u>	<u>\$881,354</u>

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, 2016 and 2015.

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016 AND 2015

NOTE 8 – RESTRICTIONS ON NET ASSETS

The organization received \$240,000 restricted for the funding of the Theology Together youth ministry project during the year ended June 30, 2014. The grant period is from October 1, 2013, through December 31, 2016. Use of the grant funds was restricted solely to the purpose of the grant. Expenses incurred for the project, releasing net assets from temporary restrictions, were as follows during the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Event expenses	\$ 107,721	\$ 55,527
Salaries, benefits and taxes	27,236	21,727
Executive director	<u>6,089</u>	<u>2,814</u>
Total Theology Together expenses	<u>\$ 141,046</u>	<u>\$ 80,068</u>

NOTE 9 -- CASH AND CONCENTRATIONS OF CREDIT RISK

The cash accounts are held by financial institutions that at times may exceed amounts that are federally insured. It is the opinion of management that the solvency of the referenced financial institutions is not of concern currently.

NOTE 10 – SUBSEQUENT EVENTS

The Center has evaluated subsequent events through February 9, 2017, the date which the financial statements were available to be issued.

END OF NOTES