CENTER FOR YOUTH MINISTRY TRAINING

FINANCIAL STATEMENTS

June 30, 2021 and 2020

Center for Youth Ministry Training
June 30, 2021 and 2020

Contents

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INDEPENDENT AUDITOR'S REPORT

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

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Center's 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center for Youth Ministry Training as of June 30, 2021 and 2020, 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.

AJG CPAs, PLLC

July 6, 2022
Brentwood, Tennessee

Center for Youth Ministry Training
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 252,922	$ 435,049
Investments	622,836	333,660
Investments restricted to purpose of grant	937,805	457,311
Accounts receivable, program services	132,694	55,935
Accounts receivable, employees	-	10,000
Unconditional promises to give, unrestricted, net of allowance for doubtful accounts of $30,446 and $18,090	21,014	48,310
Prepaid expenses	15,865	9,946
Total Current Assets	**1,983,136**	**1,350,211**
PROPERTY AND EQUIPMENT		
Office equipment	35,175	35,175
Furniture and fixtures	12,042	12,042
Leasehold improvements	36,123	36,123
Total property and equipment	83,340	83,340
Less: accumulated depreciation	(69,130)	(63,836)
Property and Equipment, Net	**14,210**	**19,504**
OTHER ASSETS		
Unconditional promises to give, due in one to five years	100	35,286
Total Assets	**$ 1,997,446**	**$ 1,405,001**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 91,440	$ 27,636
Deposits and other unearned revenue		
Churches	9,170	5,250
Students	61,410	51,500
Deferred contract revenue	176,333	177,333
Current portion of long term liabilities	-	65,967
Total Current Liabilities	**338,353**	**327,686**
LONG TERM LIABILITIES		
Notes payable, net of current portion	-	84,033
NET ASSETS		
Without donor restrictions	721,288	535,971
With donor restrictions	937,805	457,311
Total Net Assets	**1,659,093**	**993,282**
Total Liabilities and Net Assets	**$ 1,997,446**	**$ 1,405,001**

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, 2021 and 2020

	For the Year Ended June 30, 2021			For the Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
INCREASES IN NET ASSETS						
Contributions	$ 308,369	$ 996,184	$ 1,304,553	$ 220,371	$ 71,525	$ 291,896
In-kind donation	50,000	-	50,000	50,000	-	50,000
Program services revenue - Theology Together	-	-	-	4,800	-	4,800
Program services revenue - events	-	-	-	9,827	-	9,827
Program services revenue - residency	1,443,022	-	1,443,022	1,375,388	-	1,375,388
Program services revenue - students	73,493	-	73,493	37,308	-	37,308
Publishing, book store and merchandise	159	-	159	675	-	675
Investment income	81,288	-	81,288	28,275	-	28,275
Unrealized investment gain (loss)	168,066	-	168,066	647	-	647
PPP Loan forgiveness	150,000	-	150,000	-	-	-
Other income	146	-	146	-	-	-
Total Support and Revenues	**2,274,543**	**996,184**	**3,270,727**	**1,727,291**	**71,525**	**1,798,816**
Net assets released from restrictions	515,690	(515,690)	-	615,779	(615,779)	-
TOTAL INCREASES IN NET ASSETS	**2,790,233**	**480,494**	**3,270,727**	**2,343,070**	**(544,254)**	**1,798,816**
EXPENSES						
Program services	2,212,157	-	2,212,157	1,899,797	-	1,899,797
Management and general	392,759	-	392,759	434,890	-	434,890
Fundraising	-	-	-	20,686	-	20,686
Total Expenses	**2,604,916**	**-**	**2,604,916**	**2,355,373**	**-**	**2,355,373**
Change in Net Assets	**185,317**	**480,494**	**665,811**	**(12,303)**	**(544,254)**	**(556,557)**
Net assets, beginning of year	535,971	457,311	993,282	548,274	1,001,565	1,549,839
Net assets, end of year	**$ 721,288**	**$ 937,805**	**$ 1,659,093**	**$ 535,971**	**$ 457,311**	**$ 993,282**

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	68,443	-	-	68,443
Miscellaneous expenses	713	-	-	713
Office, supplies, equipment and IT resources	3,456	10,943	-	14,399
Other business and organization expenses	-	14,288	-	14,288
Other employee support	18,120	-	-	18,120
Payments to founding churches for executive staff	84,326	103,065	-	187,391
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	327,334	176,257	-	503,591
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	**$ 2,212,157**	**$ 392,759**	**$ -**	**$ 2,604,916**

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, 2020

	Program Services	Management and General	Fundraising	Total
Bank, brokerage and payroll fees	$ 13,080	$ 11,142	$ -	$ 24,222
Bad debt expense	-	18,090	-	18,090
Depreciation	-	4,999	-	4,999
Employees' business expense	87,027	5,555	-	92,582
Executive director business expenses	-	12,377	-	12,377
Fundraising expenses	-	-	20,686	20,686
Innovation Laboratory expenses	101,237	-	-	101,237
Insurance	17,099	4,275	-	21,374
Marketing expenses	22,508	-	-	22,508
Miscellaneous expenses	500	824	-	1,324
Office, supplies, equipment and IT resources	2,025	6,413	-	8,438
Other business and organization expenses	-	13,350	-	13,350
Other employee support	53,510	-	-	53,510
Payments to founding churches for executive staff	84,799	103,643	-	188,442
Payroll taxes	87,093	-	-	87,093
Publishing expenses	-	275	-	275
Regional and other directors business expenses	5,664	2,148	-	7,812
Rent, office and student facilities	137,109	22,320	-	159,429
Salaries and benefits - other	418,875	225,548	-	644,423
Salaries and benefits - students	513,151	-	-	513,151
Student and resource books and curriculum	32,944	-	-	32,944
Student class fees and tuition	223,617	-	-	223,617
Telephone and internet	2,500	3,055	-	5,555
Theology Together and Collide expenses	16,464	-	-	16,464
Training events, retreats and orientation expenses	42,911	876	-	43,787
Web development and resources	375	-	-	375
Youth Ministry Academy and Cultivate expenses	37,309	-	-	37,309
Total Expenses	**$ 1,899,797**	**$ 434,890**	**$ 20,686**	**$ 2,355,373**

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, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 665,811	$(556,557)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	5,293	4,999
Unrealized (gain) loss on investments	(168,066)	(647)
PPP loan forgiveness income	(150,000)	-
Increase (decrease) in funds payable to employees, terminated pension plan	-	(9,605)
Bad debt	12,356	18,090
Changes in operating assets and liabilities:		
Pledges receivable	50,126	209,039
Accounts receivable	(76,758)	(15,273)
Grant receivable	-	125,000
Prepaid expenses	(5,919)	(511)
Accounts payable	38,346	(29,571)
Withheld health insurance premiums payable	(251)	(65)
Accrued expenses	25,709	(269)
Deferred contract revenue	(1,000)	(121,834)
Deposits and unearned revenue	13,830	34,586
Cash Flows Provided (Used) by Operating Activities	**409,477**	**(342,618)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	-	(6,293)
Purchases of investments	(1,161,858)	(333,579)
Sale of investments	560,254	803,176
Employee housing assistance loan installment forgiven	10,000	10,000
Cash Flows Provided (Used) by Investing Activities	**(591,604)**	**473,304**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received from PPP loan	-	150,000
Net Increase (Decrease) in Cash	**(182,127)**	**280,686**
Net Cash, beginning of year	435,049	154,363
Net Cash, end of year	**$ 252,922**	**$ 435,049**
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, 2021 and 2020 totaled $5,293 and $4,999, 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, was $68,443 and $22,508, 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, 2021 and 2020, 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, 2021 and 2020 and 2019, 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, 2020 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 July 6, 2022, 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 $108,197 and $371,305, respectively, at June 30, 2021 and 2020, 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 will be fully expended by June 30, 2022.

During the year ending June 30, 2021, the Center received a grant from a private foundation totaling $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 total $786,349 as of June 30, 2021

Note 4. PROMISES TO GIVE

Unconditional promises to give consists of the following:

	2021	2020
Promises without donor restrictions	$ 51,560	$ 101,686
Less: allowance for uncollectible pledges	(30,446)	(18,090)
Promises to give, net	**$ 21,114**	**$ 83,596**
Amounts due in:		
Less than one year	$ 51,460	$ 66,400
One to five years	100	35,286
	$ 51,560	**$ 101,686**

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:

	2021	2020
Creation of Innovation Laboratory for Youth Ministry	$ 108,197	$ 371,305
Creation of Texas Innovation Laboratory for Youth Ministry	43,259	86,006
Restricted to use on Theology Together 2.0: Fostering Change Project.	786,349	-
Net assets with donor restrictions	**$ 937,805**	**$ 457,311**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors at June 30, 2021 and 2020 are as follows:

	2021	2020
Time restrictions	$ 35,186	$ -
Program restrictions	480,504	615,779
	$ 515,690	**$ 615,779**

Net assets as of June 30, 2021 and 2020 are as follows:

	2021	2020
Without donor restrictions		
Board-designated endowment fund	$ 505,189	$ 492,079
Undesignated	216,099	43,892
Total without donor restrictions	**721,288**	**535,971**
With donor restrictions	937,805	457,311
Total net assets	**$ 1,659,093**	**$ 993,282**

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

Note 6. ENDOWMENT - CONTINUED

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, 2021 and 2020.

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.

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, 2021 and 2020 is as follows:

	2021	2020
Endowment net assets - beg. of year	$ 492,079	$ 493,115
Additions	-	100,000
Investment income (loss)	22,170	16,893
Net appreciation (depreciation)	95,030	(3,993)
Investment expenses	(4,090)	(3,936)
Withdrawals	(100,000)	(110,000)
Endowment net assets - end of year	**$ 505,189**	**$ 492,079**

All endowment net assets are without donor restrictions as of June 30, 2021 and 2020.

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. RECEIVABLE FROM EMPLOYEE

The receivable from employee, in the amount of $- and $10,000, respectively, as of June 30, 2021 and 2020, represents a loan for the purpose of purchasing a residence pursuant to the policies and procedures of the Center's Employer Assisted Housing Program Agreement. The Center forgave the loan ratably over a three-year period beginning in year two of the four-year loan agreement. During the four-year loan term 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 cause the loan to become immediately due and payable.

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, 2021 and 2020 the amount of unused paid time off totaled $39,479 and $15,921, 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, 2021 and 2020:

	2021	2020
Interest income	$ 2,919	$ 9,526
Dividends and capital gain distributions	46,918	18,749
Realized gain (loss) on sale of investments	31,451	-
Total Investment Income	**$ 81,288**	**$ 28,275**
Fair value	$ 1,560,641	$ 790,971
Cost	(1,403,104)	(775,721)
Unrealized Gain	**$ 157,537**	**$ 15,250**

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, 2021 and 2020.

The fair value measurements at June 30, 2021 and 2020 are as follows, based on quoted prices in established and active markets (Level 1):

	2021	2020
Certificate of Deposits	$ -	$ 228,748
Mutual Funds	1,560,641	562,223
Total Investments	**$ 1,560,641**	**$ 790,971**

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

	2021	2020
Without donor restrictions (deficit)	$ 622,836	$ 333,660
Restricted to purpose of grant	937,805	457,311
	$ 1,560,641	**$ 790,971**

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, 2021 and 2020.

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, 2021	June 30, 2020
Cash	$ 252,922	$ 435,049
Investments	1,560,641	790,971
Accounts receivable	132,694	55,935
Promises to give. net	21,114	83,596
Total financial assets	**1,967,371**	**1,365,551**
Less those unavailable for general expenditures within one year, due to donor restrictions to payment of expenditures for --		
Innovation Laboratory for Youth Ministry Project	(108,197)	(371,305)
Innovation Labs in Youth Ministry in support of female clergy within the state of Texas	(43,259)	(86,006)
Thinking Theology 2.0: Fostering Change Project.	(786,349)	-
Less: Promises to give due in more than one year	(100)	(35,286)
Total financial assets available within one year	**$ 1,029,466**	**$ 872,954**

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.