

**CENTER FOR YOUTH MINISTRY TRAINING**

**FINANCIAL STATEMENTS**

**June 30, 2020 and 2019**

**Center for Youth Ministry Training**  
**June 30, 2020 and 2019**

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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, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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.

### Opinion

In our opinion, the 2020 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Prior Period Financial Statements**

The financial statements of Center for Youth Ministry Training as of June 30, 2019, were audited by other auditors whose report dated June 26, 2020, expressed an unmodified opinion on those statements.

*Agg CPAs, PLLC*

November 22, 2021

Brentwood, Tennessee

**Center for Youth Ministry Training**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 435,049	\$ 154,363
Investment in securities	333,660	249,416
Investments in securities restricted to purpose of grant	457,311	1,001,565
Accounts receivable, program services	55,935	40,662
Grants receivable	-	125,000
Accounts receivable, employees	10,000	20,000
Unconditional promises to give, unrestricted, net of allowance for doubtful accounts of \$18,090 and \$0	48,310	171,675
Prepaid expenses	9,946	9,435
<b>Total Current Assets</b>	<b><u>1,350,211</u></b>	<b><u>1,772,116</u></b>
<b>PROPERTY AND EQUIPMENT</b>		
Office equipment	35,175	28,882
Furniture and fixtures	12,042	12,042
Leasehold improvements	36,123	36,123
Total property and equipment	83,340	77,047
Less: accumulated depreciation	( 63,836)	( 58,837)
<b>Property and Equipment, Net</b>	<b><u>19,504</u></b>	<b><u>18,210</u></b>
<b>OTHER ASSETS</b>		
Unconditional promises to give, due in one to five years	35,286	139,050
<b>Total Assets</b>	<b><u>\$ 1,405,001</u></b>	<b><u>\$ 1,929,376</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 27,636	\$ 58,206
Deposits and other unearned revenue		
Churches	5,250	6,000
Students	51,500	16,164
Deferred contract revenue	177,333	299,167
Current portion of long term liabilities	65,967	-
<b>Total Current Liabilities</b>	<b><u>327,686</u></b>	<b><u>379,537</u></b>
<b>LONG TERM LIABILITIES</b>		
Notes payable, net of current portion	84,033	-
<b>NET ASSETS</b>		
Without donor restrictions	535,971	548,274
With donor restrictions	457,311	1,001,565
<b>Total Net Assets</b>	<b><u>993,282</u></b>	<b><u>1,549,839</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,405,001</u></b>	<b><u>\$ 1,929,376</u></b>

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, 2020 and 2019**

	<u>For the Year Ended June 30, 2020</u>			<u>For the Year Ended June 30, 2019</u>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>INCREASES IN NET ASSETS</b>						
Contributions	\$ 220,371	\$ 71,525	\$ 291,896	\$ 490,336	\$ 248,913	\$ 739,249
In-kind donation	50,000	-	50,000	55,000	-	55,000
Program services revenue - Collide	4,800	-	4,800	54,285	-	54,285
Program services revenue - Cultivate	9,827	-	9,827	17,399	-	17,399
Program services revenue - churches	1,375,388	-	1,375,388	1,057,938	-	1,057,938
Program services revenue - students	37,308	-	37,308	48,687	-	48,687
Publishing, book store and merchandise sales	675	-	675	2,366	-	2,366
Investment income	28,275	-	28,275	44,044	-	44,044
Unrealized investment gain (loss)	<u>647</u>	<u>-</u>	<u>647</u>	<u>13,294</u>	<u>-</u>	<u>13,294</u>
<b>Total Support and Revenues</b>	<b><u>1,727,291</u></b>	<b><u>71,525</u></b>	<b><u>1,798,816</u></b>	<b><u>1,783,349</u></b>	<b><u>248,913</u></b>	<b><u>2,032,262</u></b>
Net assets released from restrictions	<u>615,779</u>	<u>( 615,779)</u>	<u>-</u>	<u>294,422</u>	<u>( 294,422)</u>	<u>-</u>
<b>TOTAL INCREASES IN NET ASSETS</b>	<b><u>2,343,070</u></b>	<b><u>( 544,254)</u></b>	<b><u>1,798,816</u></b>	<b><u>2,077,771</u></b>	<b><u>( 45,509)</u></b>	<b><u>2,032,262</u></b>
<b>EXPENSES</b>						
Program services	1,899,797	-	1,899,797	1,696,808	-	1,696,808
Management and general	434,890	-	434,890	408,812	-	408,812
Fundraising	<u>20,686</u>	<u>-</u>	<u>20,686</u>	<u>12,947</u>	<u>-</u>	<u>12,947</u>
<b>Total Expenses</b>	<b><u>2,355,373</u></b>	<b><u>-</u></b>	<b><u>2,355,373</u></b>	<b><u>2,118,567</u></b>	<b><u>-</u></b>	<b><u>2,118,567</u></b>
<b>Change in Net Assets</b>	<b><u>( 12,303)</u></b>	<b><u>( 544,254)</u></b>	<b><u>( 556,557)</u></b>	<b><u>( 40,796)</u></b>	<b><u>( 45,509)</u></b>	<b><u>( 86,305)</u></b>
Net assets, beginning of year	<u>548,274</u>	<u>1,001,565</u>	<u>1,549,839</u>	<u>589,070</u>	<u>1,047,074</u>	<u>1,636,144</u>
<b>Net assets, end of year</b>	<b><u>\$ 535,971</u></b>	<b><u>\$ 457,311</u></b>	<b><u>\$ 993,282</u></b>	<b><u>\$ 548,274</u></b>	<b><u>\$ 1,001,565</u></b>	<b><u>\$ 1,549,839</u></b>

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**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
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	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	<u>37,309</u>	<u>-</u>	<u>-</u>	<u>37,309</u>
<b>Total Expenses</b>	<b><u>\$ 1,899,797</u></b>	<b><u>\$ 434,890</u></b>	<b><u>\$ 20,686</u></b>	<b><u>\$ 2,355,373</u></b>

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, 2019**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Bank, brokerage and payroll fees	\$ 15,353	\$ 13,089	\$ -	\$ 28,442
Depreciation	-	6,820	-	6,820
Employees' business expense	58,028	4,004	-	62,032
Executive director business expenses	-	9,968	-	9,968
Fundraising expenses	-	-	12,947	12,947
Innovation Laboratory expenses	61,992	-	-	61,992
Insurance	3,772	14,325	-	18,097
Legal and accounting fees	-	7,750	-	7,750
Marketing expenses	30,718	-	-	30,718
Miscellaneous expenses	-	800	-	800
Office, supplies, equipment and IT resources	2,173	6,883	-	9,056
Other business and organization expenses	-	3,248	-	3,248
Other employee support	58,439	-	-	58,439
Payments to founding churches for executive staff	77,441	102,279	-	179,720
Payroll taxes	52,247	17,286	-	69,533
Publishing expenses	-	406	-	406
Regional and other directors business expenses	8,953	2,901	-	11,854
Rent, office and student facilities	132,196	22,400	-	154,596
Salaries and benefits - other	356,757	190,586	-	547,343
Salaries and benefits - students	451,640	-	-	451,640
Student and resource books and curriculum	29,906	-	-	29,906
Student class fees and tuition	223,902	-	-	223,902
Telephone and internet	3,412	3,840	-	7,252
Theology Together and Collide expenses	30,347	-	-	30,347
Training events, retreats and orientation expenses	65,105	2,227	-	67,332
Web development and resources	1,180	-	-	1,180
Youth Ministry Academy and Cultivate expenses	<u>33,247</u>	<u>-</u>	<u>-</u>	<u>33,247</u>
<b>Total Expenses</b>	<b><u>\$ 1,696,808</u></b>	<b><u>\$ 408,812</u></b>	<b><u>\$ 12,947</u></b>	<b><u>\$ 2,118,567</u></b>

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, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$( 556,557)	\$( 86,305)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,999	6,820
Unrealized (gain) loss on investments	( 647)	( 13,294)
(Increase) decrease in funds receivable from plan trustee, terminated pension plan	-	5,661
Increase (decrease) in funds payable to employees, terminated pension plan	( 9,605)	( 2,716)
Bad debt	18,090	-
Changes in operating assets and liabilities:		
Pledges receivable	209,039	( 285,170)
Accounts receivable	( 15,273)	2,233
Grant receivable	125,000	( 97,000)
Prepaid expenses	( 511)	254
Accounts payable	( 29,571)	6,253
Withheld health insurance premiums payable	( 65)	683
Payroll taxes payable	-	( 787)
Accrued expenses	( 269)	( 2,490)
Deferred contract revenue	( 121,834)	65,000
Deposits and unearned revenue	34,586	166
<b>Cash Flows Provided (Used) by Operating Activities</b>	<b><u>( 342,618)</u></b>	<b><u>( 400,692)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	( 6,293)	-
Purchases of securities	( 333,579)	( 298,011)
Sales of securities	803,176	646,082
Employee housing assistance loan installment forgiven	10,000	10,000
Dividends and distributions received and reinvested	-	( 29,847)
<b>Cash Flows Provided (Used) by Investing Activities</b>	<b><u>473,304</u></b>	<b><u>328,224</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds received from PPP loan	150,000	-
<b>Net Increase (Decrease) in Cash</b>	<b><u>280,686</u></b>	<b><u>( 72,468)</u></b>
Net Cash, beginning of year	154,363	226,831
<b>Net Cash, end of year</b>	<b><u>\$ 435,049</u></b>	<b><u>\$ 154,363</u></b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

**Center for Youth Ministry Training**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

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**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.

**Center for Youth Ministry Training**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

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**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, 2020 or 2019, 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.

**Center for Youth Ministry Training**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

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**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:

<u>Asset Category</u>	<u>Years</u>
Furniture & Fixtures	10
Office Equipment	3-5
Leasehold improvements	10

Depreciation expense for the years ended June 30, 2020 and 2019 totaled \$4,999 and \$6,820, 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**

Contributions of donated non-cash assets are recorded at the fair values in the period received. In-kind donations for legal fees for the years ending June 30, 2020 and 2019 totaled \$- and \$5,000, respectively, and have been recorded as event revenue and expenses.

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, 2020 and 2019, 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.

**Center for Youth Ministry Training**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

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**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, 2020 and 2019, 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:

<u>Expense</u>	<u>Method of Allocation</u>
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, 2020 and 2019, was \$22,508 and \$30,718, 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.

**Center for Youth Ministry Training**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

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**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, 2020 and 2019, 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, 2020 and 2019 and 2018, 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, 2019 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 November 22, 2021, 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 \$371,305 and \$788,239, respectively, at June 30, 2020 and 2019, and are shown as part of investments in securities restricted to purpose of the grant at that date.

**Center for Youth Ministry Training**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

**Note 4. PROMISES TO GIVE**

Unconditional promises to give consists of the following:

	<u>2020</u>	<u>2019</u>
Promises without donor restrictions	\$ 101,686	\$ 310,725
Less: allowance for uncollectible pledges	( 18,090)	-
<b>Promises to give, net</b>	<b><u>\$ 83,596</u></b>	<b><u>\$ 310,725</u></b>
Amounts due in:		
Less than one year	\$ 66,400	\$ 171,675
One to five years	<u>35,286</u>	<u>139,050</u>
	<b><u>\$ 101,686</u></b>	<b><u>\$ 310,725</u></b>

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:

	<u>2020</u>	<u>2019</u>
Creation of Innovation Laboratory for Youth Ministry	\$ 371,305	\$ 788,239
Creation of Texas Innovation Laboratory for Youth Ministry	<u>86,006</u>	<u>213,326</u>
<b>Net assets with donor restrictions</b>	<b><u>\$ 457,311</u></b>	<b><u>\$ 1,001,565</u></b>

**Note 6. GRANTS RECEIVABLE**

Grants receivable, in the amounts of \$- and \$125,000, respectively, at June 30, 2020 and 2019, are from a Texas foundation. The grant in the amount of \$219,913 is for the creation of a Texas Innovation Laboratory for Youth Ministry. The grant period is from January 1, 2019, through December 31, 2020, during which all grant funds must be expended.

**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.

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**Note 7. NOTES PAYABLE - CONTINUED**

The following is a summary of future minimum principal payments required under the terms of the notes payable as of June 30, 2020:

<u>June 30,</u>	<u>Amount</u>
2021	\$ 65,967
2022	84,033
	<u><b>\$ 150,000</b></u>

**Note 8. RECEIVABLE FROM EMPLOYEE**

The receivable from employee, in the amount of \$10,000 and \$20,000, respectively, at June 30, 2020 and 2019, 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's intention is to forgive 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, 2020 and 2019 the amount of unused paid time off totaled \$15,921 and \$16,251, 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, 2020 and 2019:

	<u><b>June 30, 2020</b></u>	<u><b>June 30, 2019</b></u>
Interest income	\$ 9,526	\$ 14,326
Dividends and capital gain distributions	18,749	15,786
Realized gain (loss) on sale of investments	<u>-</u>	<u>13,932</u>
<b>Total Investment Income</b>	<u><b>\$ 28,275</b></u>	<u><b>\$ 44,044</b></u>

**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, 2020 and 2019.



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**Note 11. FAIR VALUES OF FINANCIAL INSTRUMENTS - CONTINUED**

The fair value measurements at June 30, 2020 and 2019 are as follows, based on quoted prices in established and active markets (Level 1):

	<u><b>June 30, 2020</b></u>	<u><b>June 30, 2019</b></u>
Certificate of Deposits	\$ 228,748	\$ 578,589
Mutual Funds	<u>562,223</u>	<u>672,392</u>
<b>Total Investments</b>	<u><b>\$ 790,971</b></u>	<u><b>\$ 1,250,981</b></u>

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

	<u><b>June 30, 2020</b></u>	<u><b>June 30, 2019</b></u>
Unrestricted as to use	\$ 333,660	\$ 249,416
Restricted to purpose of grant	<u>457,311</u>	<u>1,001,565</u>
	<u><b>\$ 790,971</b></u>	<u><b>\$ 1,250,981</b></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, 2020 and 2019.

**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. 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:

	<u><b>June 30, 2020</b></u>	<u><b>June 30, 2019</b></u>
Cash	\$ 435,049	\$ 154,363
Investments	790,971	1,250,981
Accounts receivable	55,935	40,662
Promises to give, net	83,596	310,725
Grants receivable	<u>-</u>	<u>125,000</u>
<b>Total financial assets</b>	<u><b>1,365,551</b></u>	<u><b>1,881,731</b></u>

Less those unavailable for general expenditures within one year, due to donor restrictions to payment of expenditures for --

Innovation Laboratory for Youth Ministry Project	( 371,305)	( 788,239)
Innovation Labs in Youth Ministry in support of female clergy within the state of Texas	( 86,006)	( 213,326)
Less: Promises to give due in more than one year	<u>( 35,286)</u>	<u>( 139,050)</u>

<b>Total financial assets available within one year</b>	<u><b>\$ 872,954</b></u>	<u><b>\$ 741,116</b></u>
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**Note 13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - CONTINUED**

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.

**Note 14. SUBSEQUENT EVENTS**

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.