

CENTER FOR YOUTH MINISTRY TRAINING

AUDIT OF FINANCIAL STATEMENTS

JUNE 30, 2017

CENTER FOR YOUTH MINISTRY TRAINING
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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, 2017 and 2016, 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, 2017 and 2016, 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 statement 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
January 17, 2018

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	<i>June 30,</i>	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents, unrestricted	\$ 134,314	\$ 90,697
Investments in securities (Note 7)	909,333	781,495
Unconditional promises to give, unrestricted	104,998	126,859
Accounts receivable	16,736	21,759
Prepaid expenses	4,779	1,276
Grant receivable (Note 4)	56,000	-
Property and equipment, net (Note 5)	26,561	32,586
TOTAL ASSETS	<u>\$ 1,252,721</u>	<u>\$ 1,054,672</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 35,696	\$ 3,887
Payroll taxes payable	6,216	329
Accrued expenses	4,208	6,230
Deposits and other unearned revenue --		
Churches	7,000	6,000
Students	13,450	19,275
Deferred contract revenue	180,500	165,300
TOTAL LIABILITIES	<u>247,070</u>	<u>201,021</u>
NET ASSETS		
Unrestricted	949,651	853,651
Temporarily restricted (Note 4)	56,000	-
Permanently restricted	-	-
TOTAL NET ASSETS	<u>1,005,651</u>	<u>853,651</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,252,721</u>	<u>\$ 1,054,672</u>

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

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016

	<i>For the Year Ended June 30, 2017</i>			<i>For the Year Ended June 30, 2016</i>		
	<i>Temporarily</i>		<i>Total</i>	<i>Temporarily</i>		<i>Total</i>
	<i>Unrestricted</i>	<i>Restricted</i>		<i>Unrestricted</i>	<i>Restricted</i>	
INCREASES IN NET ASSETS						
Contributions --						
Cash, pledges and securities	\$ 466,958	\$ 84,000	\$ 550,958	\$ 244,570	\$ -	\$ 244,570
In-kind donations (Note 2)	54,500	-	54,500	54,500	-	54,500
Program services revenue, Theology Together	53,978	-	53,978	41,219	-	41,219
Program services revenue, Youth Ministry Academy	-	-	-	11,379	-	11,379
Program services revenue, churches	867,603	-	867,603	599,114	10,000	609,114
Program services revenue, students	80,775	-	80,775	96,741	-	96,741
Special event revenue	12,500	-	12,500	11,170	-	11,170
Publishing income	1,446	-	1,446	1,736	-	1,736
Investment returns (Note 6)	39,096	-	39,096	36,941	-	36,941
Unrealized investment gains (loss)	62,540	-	62,540	(38,541)	-	(38,541)
Total support and revenue	1,639,396	84,000	1,723,396	1,058,829	10,000	1,068,829
Net assets released from restrictions	28,000	(28,000)	-	149,214	(149,214)	-
TOTAL INCREASES IN NET ASSETS	1,667,396	56,000	1,723,396	1,208,043	(139,214)	1,068,829
DECREASES IN NET ASSETS						
Program services	1,227,533	-	1,227,533	997,765	-	997,765
Management and general	318,503	-	318,503	228,872	-	228,872
Fundraising	25,360	-	25,360	12,748	-	12,748
TOTAL DECREASES IN NET ASSETS	1,571,396	-	1,571,396	1,239,385	-	1,239,385
CHANGE IN NET ASSETS	96,000	56,000	152,000	(31,342)	(139,214)	(170,556)
NET ASSETS, beginning of the year	853,651	-	853,651	884,993	139,214	1,024,207
NET ASSETS, end of the year	\$ 949,651	\$ 56,000	\$ 1,005,651	\$ 853,651	\$ -	\$ 853,651

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

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	<i>For the Year ended June 30,</i>	
	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 152,000	\$ (170,556)
Adjustments to reconcile change in net assets		
Depreciation	6,025	6,430
Unrealized investment gains and losses	(62,540)	38,541
(Increase) decrease in operating assets		
Pledges receivable	21,861	15,850
Accounts receivable	5,023	(17,984)
Prepaid expenses	(3,503)	(812)
Grant receivable	(56,000)	-
Increase (decrease) in operating liabilities		
Accounts payable	31,809	(316)
Payroll taxes payable	5,887	(3,454)
Accrued expenses	(2,022)	(3,962)
Deferred contract revenue	15,200	51,600
Deposits and unearned revenue	(4,825)	10,939
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>108,915</u>	<u>(73,724)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Employee housing loan installment forgiven	-	4,000
Purchases of property and equipment	-	(1,307)
Sale of securities	307,466	97,713
Purchases of securities	(346,802)	-
Dividends received and reinvested	(25,962)	(36,396)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(65,298)</u>	<u>64,010</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	43,617	(9,714)
CASH AND CASH EQUIVALENTS, beginning of the year	<u>90,697</u>	<u>100,411</u>
CASH AND CASH EQUIVALENTS, end of the year	<u><u>\$ 134,314</u></u>	<u><u>\$ 90,697</u></u>
NONCASH INVESTING ACTIVITIES		
Amounts included in change in net assets --		
Donated securities, included as contributions	<u>\$ 1,028</u>	<u>\$ 1,036</u>

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

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2017 AND 2016

	For the Year Ended June 30, 2017				For the Year Ended June 30, 2016			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Payments to founding churches for executive staff	\$ 46,839	\$ 94,593	\$ -	\$ 141,432	\$ 20,663	\$ 87,847	\$ -	\$ 108,510
Salaries and benefits--								
Student compensation	382,182	-	-	382,182	284,429	-	-	284,429
Other salaries and benefits	187,939	110,356	-	298,295	204,807	59,115	-	263,922
Other employee support	32,024	-	-	32,024	31,530	-	-	31,530
Payroll taxes	41,429	8,773	-	50,202	33,677	1,323	-	35,000
Theology Together expenses	72,016	-	-	72,016	107,720	-	-	107,720
Executive director business expenses	-	8,062	-	8,062	-	7,703	-	7,703
Regional and other director business expenses	6,270	2,701	-	8,971	8,756	634	-	9,390
Employees' business expenses	37,812	1,197	-	39,009	22,855	1,076	-	23,931
Other business and organizational expenses	-	1,529	-	1,529	-	4,153	-	4,153
Legal and accounting fees	-	10,000	-	10,000	-	10,000	-	10,000
Student and resource books and curriculum	33,031	-	-	33,031	21,972	-	-	21,972
Student class fees	179,062	-	-	179,062	139,264	-	-	139,264
Student scholarships	4,015	-	-	4,015	6,475	-	-	6,475
Office supplies and equipment	2,287	7,004	-	9,291	2,232	9,410	-	11,642
Rent	79,615	20,000	-	99,615	33,675	20,000	-	53,675
Telephone and internet	3,157	3,351	-	6,508	2,309	-	-	2,309
National, fall and spring event retreat expenses	53,025	-	-	53,025	36,982	-	-	36,982
Youth Ministry Academy expenses	35,686	-	-	35,686	23,717	-	-	23,717
Bad debt expense	-	19,950	-	19,950	-	500	-	500
Bank, brokerage and payroll fees	1,616	8,875	-	10,491	1,368	8,406	-	9,774
Insurance	-	14,904	-	14,904	-	12,166	-	12,166
Web development and resources	4,513	-	-	4,513	2,276	-	-	2,276
Publishing expenses	-	-	-	-	668	-	-	668
Marketing expenses	24,676	-	11,754	36,430	10,738	-	3,999	14,737
Special event direct costs	-	-	13,606	13,606	-	-	8,749	8,749
Depreciation	-	6,025	-	6,025	-	6,430	-	6,430
Miscellaneous expenses	339	1,183	-	1,522	1,652	109	-	1,761
	<u>\$ 1,227,533</u>	<u>\$ 318,503</u>	<u>\$ 25,360</u>	<u>\$ 1,571,396</u>	<u>\$ 997,765</u>	<u>\$ 228,872</u>	<u>\$ 12,748</u>	<u>\$ 1,239,385</u>

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

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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, 2017 AND 2016

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.

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 December 31, 2017 or 2016, because conditions for accrual of a loss contingency pursuant to the *Recognition* subtopic of ASC 450, *Contingencies*, 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 (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 using the straight-line method 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.

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.

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017 AND 2016

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

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, 2014, 2015 and 2016 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 Center in nature, to management and general expenses.

Shipping and Handling Costs -- Shipping and handling costs are included in functional expenses as part of the expense classification in which the costs arose and are not separately stated or included elsewhere in the financial statements.

Reclassifications -- Certain reclassifications have been made to the June 30, 2016 financial statements to conform to the current year's presentation. Net assets and change in net assets are unaffected due to these reclassifications.

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, 2017 and 2016, 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.

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017 AND 2016

NOTE 2 -- DONATED SERVICES, MATERIALS AND FACILITIES (continued)

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, 2017 and 2016, 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, 2017 and 2016, 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.

NOTE 4 -- GRANT RECEIVABLE

The grant receivable, in the amount of \$56,000, is from a foundation and was awarded to support the educational costs of the 2016 class of Texas residents in the Center's youth ministry program. The grant is receivable in the amount of \$28,000 in each of the years ended June 30, 2018 and 2019.

NOTE 5 -- PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Office equipment	\$ 25,370	\$ 25,370
Furniture and fixtures	11,257	11,257
Leasehold improvements	<u>36,123</u>	<u>36,123</u>
	72,750	72,750
Less: accumulated depreciation	(<u>46,189</u>)	(<u>40,164</u>)
Property and equipment, net	<u>\$ 26,561</u>	<u>\$ 32,586</u>

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017 AND 2016

NOTE 6 -- INVESTMENT RETURNS

The following schedule summarizes investment returns and their classification in the statement of activities for the year ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Interest income	\$ 12	\$ 540
Dividends and capital gain distributions	25,962	36,396
Realized gains on sale of investments	<u>13,122</u>	<u>5</u>
Total investment returns	<u>\$ 39,096</u>	<u>\$ 36,941</u>

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, 2017 and 2016.

The fair value measurements at June 30, 2017 and 2016 are as follows, based on quoted prices in established and active markets (Level 1):

<i>Description</i>	<u>2017</u>	<u>2016</u>
Equities	\$ 21,267	\$ 13,956
Mutual Funds	<u>888,066</u>	<u>767,539</u>
Total investments in securities	<u>\$909,333</u>	<u>\$781,495</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, 2017 and 2016.

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017 AND 2016

NOTE 8 -- 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 9 -- SUBSEQUENT EVENTS

The Center accepted a grant in the amount of \$1,132,929 from a private foundation on September 27, 2017, for the creation of the Innovation Laboratory for Youth Ministry, a new project for the Center. Proceeds from the grant are expected to be received entirely during the year ended June 30, 2018. 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 Center has evaluated subsequent events through January 17, 2018, the date which the financial statements were available to be issued.

END OF NOTES