

CENTER FOR YOUTH MINISTRY TRAINING

AUDIT OF FINANCIAL STATEMENTS

JUNE 30, 2019

**CENTER FOR YOUTH MINISTRY TRAINING
TABLE OF CONTENTS
JUNE 30, 2019**

Independent Auditors' Report.....	3-4
Statement of Financial Position.....	5
Statement of Activities.....	6
Statement of Cash Flows.....	7
Statement of Functional Expenses.....	8
Notes to Financial Statements.....	9-18

R. SCOTT DIXON

CERTIFIED PUBLIC ACCOUNTANT

424 Church Street, Suite 2000 Telephone:
Nashville, Tennessee 37219 Church Street (615) 256-2260
P.O. Box 330941 Harding Road (615) 385-5081
Nashville, Tennessee 37203

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, 2019 and 2018, 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

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.

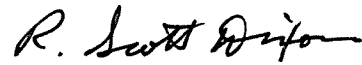
(continued)

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, 2019 and 2018, 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.



Nashville, Tennessee
June 26, 2020

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	<i>June 30,</i>	
	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and equivalents, unrestricted	\$ 154,363	\$ 226,831
Funds receivable from trustee, terminated pension plan (Note 13)	-	5,661
Accounts receivable, program services	40,662	42,895
Prepaid expenses	9,435	9,689
Unconditional promises to give, unrestricted	310,725	25,555
Investments in securities (Note 10)	249,416	536,838
Grants receivable (Note 4)	125,000	28,000
Receivable from employee (Note 7)	20,000	30,000
Investments in securities restricted to purpose of grant (Notes 5 and 10)	1,001,565	1,019,074
Property and equipment, net (Note 8)	18,210	25,031
TOTAL ASSETS	<u>\$ 1,929,376</u>	<u>\$ 1,949,574</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Funds due participants, terminated pension plan (Note 13)	\$ 664	\$ 3,380
Accounts payable	39,327	33,074
Withheld health insurance premiums payable	683	-
Payroll taxes payable	-	787
Accrued expenses	17,532	20,022
Deposits and other unearned revenue --		
Churches	6,000	6,000
Students	16,164	16,000
Deferred contract revenue	299,167	234,167
TOTAL LIABILITIES	<u>379,537</u>	<u>313,430</u>
 NET ASSETS		
Without donor restrictions	548,274	589,070
With donor restrictions (Note 6)	1,001,565	1,047,074
TOTAL NET ASSETS	<u>1,549,839</u>	<u>1,636,144</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,929,376</u>	<u>\$ 1,949,574</u>

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

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	For the Year Ended June 30, 2019			For the Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
INCREASES IN NET ASSETS						
Contributions --						
Cash, pledges and securities	\$ 490,336	\$ 248,913	\$ 739,249	\$ 194,276	\$ 1,158,929	\$ 1,353,205
In-kind donations (Note 2)	55,000		55,000	55,000	-	55,000
Program services revenue, Collide	54,285		54,285	21,897	-	21,897
Program services revenue, Cultivate	17,399		17,399	-	-	-
Program services revenue, Youth Ministry Academy	-		-	3,779	-	3,779
Program services revenue, churches	1,057,938		1,057,938	1,008,000	-	1,008,000
Program services revenue, students	48,687		48,687	77,897	-	77,897
Special event revenue	-		-	14,750	-	14,750
Publishing, book store and merchandise sales	2,366		2,366	1,260	-	1,260
Investment returns (Note 9)	44,044		44,044	45,651	-	45,651
Unrealized investment gains (loss)	13,294		13,294	9,968	-	9,968
Total support and revenue	1,783,349	248,913	2,032,262	1,432,478	1,158,929	2,591,407
Net assets released from restrictions	294,422	(294,422)	-	167,855	(167,855)	-
TOTAL INCREASES IN NET ASSETS	2,077,771	(45,509)	2,032,262	1,600,333	991,074	2,591,407
DECREASES IN NET ASSETS						
Program services	1,696,808	-	1,696,808	1,562,404	-	1,562,404
Management and general	408,812	-	408,812	359,898	-	359,898
Fundraising	12,947	-	12,947	38,612	-	38,612
TOTAL DECREASES IN NET ASSETS	2,118,567	-	2,118,567	1,960,914	-	1,960,914
CHANGE IN NET ASSETS	(40,796)	(45,509)	(86,305)	(360,581)	991,074	630,493
NET ASSETS, beginning of the year	589,070	1,047,074	1,636,144	949,651	56,000	1,005,651
NET ASSETS, end of the year	\$ 548,274	\$ 1,001,565	\$ 1,549,839	\$ 589,070	\$ 1,047,074	\$ 1,636,144

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

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	<i>For the Year ended June 30,</i>	
	<i>2019</i>	<i>2018</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (86,305)	\$ 630,493
Adjustments to reconcile change in net assets		
Depreciation	6,820	5,827
Unrealized investment gains and losses	(13,292)	(9,968)
(Increase) decrease in funds receivable from plan trustee, terminated pension plan	5,661	(5,661)
Increase (decrease) in funds payable to employees, terminated pension plan	(2,716)	3,380
(Increase) decrease in operating assets --		
Pledges receivable	(285,170)	79,443
Accounts receivable	2,233	(26,159)
Prepaid expenses	254	(4,910)
Grant receivable	(97,000)	28,000
Increase (decrease) in operating liabilities --		
Accounts payable	6,253	(2,622)
Withheld health insurance premiums payable	683	-
Payroll taxes payable	(787)	(5,429)
Accrued expenses	(2,490)	15,814
Deferred contract revenue	65,000	53,667
Deposits and unearned revenue	164	1,550
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(400,692)</u>	<u>763,425</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan to employee for housing assistance	-	(30,000)
Employee housing assistance loan installment forgiven	10,000	-
Purchases of property and equipment	-	(4,297)
Sale of securities	646,082	400,631
Purchases of securities	(298,011)	(1,000,016)
Dividends and distributions received and reinvested	(29,847)	(37,226)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>328,224</u>	<u>(670,908)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(72,468)	92,517
CASH AND CASH EQUIVALENTS, beginning of the year	<u>226,831</u>	<u>134,314</u>
CASH AND CASH EQUIVALENTS, end of the year	<u><u>\$ 154,363</u></u>	<u><u>\$ 226,831</u></u>
NONCASH INVESTING ACTIVITIES		
Amounts included in change in net assets --		
Donated securities, included as contributions	<u><u>\$ 9,369</u></u>	<u><u>\$ 3,711</u></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, 2019 AND 2018**

	<i>For the Year Ended June 30, 2019</i>				<i>For the Year Ended June 30, 2018</i>			
	<i>Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total</i>	<i>Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total</i>
Payments to founding churches for executive staff	\$ 77,441	\$ 102,279	\$ -	\$ 179,720	\$ 75,771	\$ 89,596	\$ -	\$ 165,367
Salaries and benefits--								
Student compensation	451,640	-	-	451,640	440,163	-	-	440,163
Other salaries and benefits	356,757	190,586	-	547,343	295,577	159,595	-	455,172
Other employee support	58,439	-	-	58,439	51,564	-	-	51,564
Payroll taxes	52,247	17,286	-	69,533	52,562	9,146	-	61,708
Innovation Laboratory expenses	61,992	-	-	61,992	10,104	9,027	-	19,131
Theology Together and Collide expenses	30,347	-	-	30,347	43,747	-	-	43,747
Executive director business expenses	-	9,968	-	9,968	-	7,468	-	7,468
Regional and other directors' business expenses	8,953	2,901	-	11,854	6,596	2,782	-	9,378
Employees' business expenses	58,028	4,004	-	62,032	48,908	3,125	-	52,033
Other business and organizational expenses	-	3,248	-	3,248	-	2,989	-	2,989
Legal and accounting fees	-	7,750	-	7,750	-	10,000	-	10,000
Student and resource books and curriculum	29,906	-	-	29,906	22,559	-	-	22,559
Student class fees and tuition	223,902	-	-	223,902	223,579	-	-	223,579
Office supplies, equipment and IT resources	2,173	6,883	-	9,056	2,675	8,180	-	10,855
Rent, office and student facilities	132,196	22,400	-	154,596	122,760	20,000	-	142,760
Telephone and internet	3,412	3,840	-	7,252	3,262	4,677	-	7,939
Training events, retreats and orientation expenses	65,105	2,227	-	67,332	67,179	1,060	-	68,239
Youth Ministry Academy and Cultivate expenses	33,247	-	-	33,247	39,902	-	-	39,902
Bank, brokerage and payroll fees	15,353	13,089	-	28,442	2,561	9,380	-	11,941
Insurance	3,772	14,325	-	18,097	4,201	12,191	-	16,392
Web development and resources	1,180	-	-	1,180	2,555	-	-	2,555
Publishing expenses	-	406	-	406	-	3,809	-	3,809
Marketing expenses	30,718	-	-	30,718	45,794	-	-	45,794
Fundraising expenses	-	-	12,947	12,947	-	-	23,286	23,286
Special event direct costs	-	-	-	-	-	-	15,326	15,326
Depreciation	-	6,820	-	6,820	-	5,827	-	5,827
Miscellaneous expenses	-	800	-	800	385	1,046	-	1,431
	<u>\$ 1,696,808</u>	<u>\$ 408,812</u>	<u>\$ 12,947</u>	<u>\$ 2,118,567</u>	<u>\$ 1,562,404</u>	<u>\$ 359,898</u>	<u>\$ 38,612</u>	<u>\$ 1,960,914</u>

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

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 two classes of net assets: without restrictions and with restrictions.

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 FINANCIAL STATEMENTS, continued
JUNE 30, 2019 AND 2018

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 June 30, 2019 or 2018, 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 (See additionally, Notes 9 and 10).

Property and Equipment -- The Center capitalizes acquisitions of property and equipment of \$500 or more. 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.

Donations of property and equipment are reported as contributions 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.

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019 AND 2018

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

Property and Equipment (continued) –

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 8). 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.

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, 2016, 2017 and 2018 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, 2018 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.

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019 AND 2018

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

The Center receives ongoing donated legal services from an attorney. Management has estimated the fair value of these donated services to be \$5,000 for each of the years ended June 30, 2019 and 2018, based on the approximate amount of time the attorney devoted to providing the services and the attorney's customary hourly fee. This amount is included as in-kind donations and management and general expenses in the statement of activities.

The Center utilizes approximately 1,428 square feet of office facilities owned by Brentwood United Methodist Church. For each of the years ended June 30, 2019 and 2018, 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.

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, 2019 and 2018, 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.

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 statement of functional expenses, and certain categories of expenses are attributable to both program services and costs of administration. Accordingly, certain costs require allocation among programs and supporting services on a reasonable basis that is consistently applied. Allocated expenses and the method of allocation is summarized as follows:

Expense Category

Executive staff compensation and benefits paid to founding churches

Other salaries and benefits

Method of Allocation

Compensation and benefits paid for the Executive Director allocated to management/general; those for the Regional Director allocated to program services.

Payments are allocated to program services if the Center's mission program is primarily benefited or, if primarily benefitting the organization as a whole, allocated to management/general.

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019 AND 2018

NOTE 3 -- FUNCTIONAL ALLOCATION OF EXPENSES (continued)

<u>Expense Category</u>	<u>Method of Allocation</u>
Payroll taxes	Allocation of payroll taxes is based on the respective percentage of salaries allocated between programs and management/general.
Regional and other directors' business expenses	Regional director expenses are allocated to program services; board of directors' expenses are allocated to management/general.
Employees' business expenses	Allocation is based on the nature of the services rendered for which compensation is paid. If compensation primarily benefits the Center's mission program, expenses are allocated to program services; if benefitting the Center as a whole, to management/general.
Office supplies, equipment and IT resources	Allocation is based on the estimated percentage of utilization of each underlying expense to the benefit of the Center's mission program or to the overall benefit of the Center. Generally, 20-25% of these expenses are allocated to program services and 75-80% to management/general.
Rent, office and student facilities, telephone and internet	Office rent, telephone and internet are allocated based on their utility to the purpose of the expenses. Generally, 20% of these expenses are allocated to program services and 80% to management/general. Rent and telephone/internet for the benefit of students are allocated entirely to program services.
Training events, retreats and orientation expenses	These expenses, with the exception of commission services, are allocated to program services. Commission services are allocated to management/general.
Bank, brokerage and payroll fees, and insurance expenses	Payroll service fees and health insurance are allocated based on the respective percentage of salaries allocated between programs and management/general. All other insurance and bank/brokerage fees are allocated to management/general.

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019 AND 2018

NOTE 4 -- GRANT RECEIVABLE

Grants receivable, in the amounts of \$125,000 and \$28,000, respectively, at June 30, 2019 and 2018, are from a Texas foundation.

\$125,000 is receivable at June 30, 2019 as part of a grant in the amount of \$219,913 and was for creation of a Texas Innovation Laboratory for Youth Ministry, a new project of the center. The grant period is from January 1, 2019, through December 31, 2020, during which time all grant funds must be expended (See additionally, Note 5).

\$28,000 is receivable at June 30, 2018 as part of a grant in the original amount of \$84,000 which was awarded to support the educational costs of the 2016 class of Texas residents in the Center's youth ministry program for a period of three years.

NOTE 5 -- 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 \$788,239 and \$1,019,074, respectively, at June 30, 2019 and 2018, and are shown as part of investments in securities restricted to purpose of the grant at that date.

As explained in Note 4, the Center was awarded a grant from a Texas foundation for creation of a Texas Innovation Laboratory for Youth Ministry, in the total amount of \$219,913. The grant stipulates the use of the grant funds be restricted to the purpose of the grant. Unexpended funds from this grant were \$213,326 at June 30, 2019 and are shown as part of investments in securities restricted to purpose of the grant at that date.

NOTE 6 -- RESTRICTIONS ON NET ASSETS

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

	<u>2019</u>	<u>2018</u>
Creation of Innovation Laboratory for Youth Ministry	\$ 788,239	\$1,019,074
Creation of Texas Innovation Laboratory for Youth Ministry	213,326	-
Support for educational costs of Texas residents in the Center's youth ministry program	<u>-</u>	<u>28,000</u>
Net assets with donor restrictions	<u>\$1,001,565</u>	<u>\$1,047,074</u>

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019 AND 2018

NOTE 7 – RECEIVABLE FROM EMPLOYEE

The receivable from employee, in the amount of \$20,000 and \$30,000, respectively, at June 30, 2019 and 2018, 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 8 -- PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Office equipment	\$ 28,882	\$ 28,882
Furniture and fixtures	12,042	12,042
Leasehold improvements	<u>36,123</u>	<u>36,123</u>
	77,047	77,047
Less: accumulated depreciation	(58,837)	(52,016)
Property and equipment, net	<u>\$ 18,210</u>	<u>\$ 25,031</u>

NOTE 9 -- INVESTMENT RETURNS

The following schedule summarizes investment returns and their classification in the statement of activities for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest income	\$ 14,326	\$ 8,439
Dividends and capital gain distributions	15,786	37,226
Realized gains (loss) on sale of investments	<u>13,932</u>	<u>(14)</u>
Total investment returns	<u>\$ 44,044</u>	<u>\$ 45,651</u>

NOTE 10 -- 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.

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019 AND 2018

NOTE 10 -- FAIR VALUES OF FINANCIAL INSTRUMENTS, continued

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, 2019 and 2018.

The fair value measurements at June 30, 2019 and 2018 are as follows, based on quoted prices in established and active markets (Level 1):

	<u>2019</u>	<u>2018</u>
Equities	\$ -	\$ 20,113
Certificates of Deposit	578,589	858,503
Mutual Funds	<u>672,392</u>	<u>677,296</u>
Total investments in securities	<u>\$1,250,981</u>	<u>\$1,555,912</u>

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

	<u>2019</u>	<u>2018</u>
Unrestricted as to use	\$ 249,416	\$ 536,838
Restricted to purpose of grant	<u>1,001,565</u>	<u>1,019,074</u>
	<u>\$1,250,981</u>	<u>\$1,555,912</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, 2018 and 2017.

NOTE 11 -- 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.

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019 AND 2018

NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Center's financial assets as of June 30, 2019 and 2018, respectively, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the respective dates.

	<u>2019</u>	<u>2018</u>
Financial assets at year-end –		
Cash	\$ 154,363	\$ 226,831
Funds receivable from trustee, less		
amounts due employees of \$3,380	-	2,281
Accounts receivable	40,662	42,895
Promises to give	310,725	25,555
Investments in securities	1,250,981	1,555,912
Grant receivable	<u>125,000</u>	<u>28,000</u>
Total financial assets	1,881,731	1,881,474
Less those unavailable for general expenditures		
within one year, due to donor restrictions to payment		
of expenditures for --		
Innovation Laboratory for Youth Ministry Project	(788,239)	(1,019,074)
Innovation Labs in Youth Ministry in support of		
female clergy within the state of Texas	(213,326)	-
Less promises to give due in more than one year	<u>(139,050)</u>	<u>-</u>
Financial assets available to meet		
cash needs for general expenditures		
within one year	<u>\$ 741,116</u>	<u>\$ 862,400</u>

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 13 -- SUBSEQUENT EVENTS, TERMINATED PENSION PLAN AND CONTINGENCY

On June 28, 2017, the Center's Board of Directors approved the sponsorship of a Savings Incentive Match Plan for Employees (SIMPLE) IRA pension plan. On July 18, 2017, the Center executed the adoption agreement for the plan.

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2019 AND 2018

NOTE 13 -- SUBSEQUENT EVENTS, TERMINATED PENSION PLAN AND CONTINGENCY, continued

On May 10, 2019, after discovery of various plan errors, the plan trustee informed the Organization and participating employees that the plan had not been implemented properly that led to employer contributions made to participants' individual accounts in an incorrect manner. These actions effectively invalidated the tax-deferred nature of the plan retroactive to July 18, 2017, the date of execution of the adoption agreement, and the trustee commenced procedures to terminate the plan.

During the year ended June 30, 2018, the Center withheld a total of \$3,380 from employees' salaries through salary reduction agreements, to be paid into the plan. As part of the plan termination, employees were reimbursed this amount subsequent to June 30, 2018, and the amount is reflected in the statement of financial position as funds due participants, terminated pension plan.

During the year ended June 30, 2018, the Center paid the plan trustee \$5,661, consisting of employees' salary reduction amounts, described above, together with employer contributions. This total amount was received from the plan trustee subsequent to June 30, 2018, and is reflected in the statement of financial position as funds receivable from trustee, terminated pension plan. Other amounts in the total of \$12,280, representing amounts paid into the plan subsequent to June 30, 2018, will also be reimbursed by the plan trustee to participating employees and the Organization.

As a result of plan termination retroactive to July 18, 2017, the Organization agreed to facilitate the preparation of plan participants' amended Federal Forms 1040, U.S. Individual Income Tax Return, for all years affected by termination of the plan, and has furthermore agreed to pay any resulting increase in individual income tax owed by participants as a result of the plan termination.

The extensive corrective efforts undertaken by the Center, outlined above, are not in compliance with remediation procedures stipulated by the Internal Revenue Service for SIMPLE IRA plan deficiencies. It is the opinion of management that the extensive corrective procedures carried out by the Center will prove sufficient to the Service for concluding the terminated plan's operations and that the Center will incur no further liability relating to the terminated plan. However, if the remediation procedures stipulated by the Service were complied with, the Center could incur an additional pension plan liability of approximately \$31,800, together with an additional amount equal to investment earnings for the period from July 18, 2017, through May 10, 2019.

The Center has evaluated subsequent events through June 26, 2020, the date which the financial statements were available to be issued.