CENTER FOR YOUTH MINISTRY TRAINING

AUDIT OF FINANCIAL STATEMENTS

YEARS ENDED
JUNE 30, 2013 AND 2012

CENTER FOR YOUTH MINISTRY TRAINING
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JUNE 30, 2013

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Independent Auditors' 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, 2013 and 2012, 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)

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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other-matter

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

R. Scott Dixon

Nashville, Tennessee
November 12, 2013

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

	June 30, 2013	2012
ASSETS		
Cash and cash equivalents	$ 169,639	$ 173,277
Investments in securities (Note 7)	593,562	534,692
Unconditional promises to give --		
Unrestricted	51,402	53,310
Temporarily restricted (Note 8)	40,000	80,000
Short-term employee receivables	1,669	
Accounts receivable	-	6,751
Prepaid expenses	5,716	2,927
Employee loan (Note 4)	12,000	16,000
Property and equipment, net (Note 5)	14,641	16,297
TOTAL ASSETS	$ 888,629	$ 883,254
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 677	$ 2,231
Payroll taxes payable	-	203
Accrued expenses	7,412	7,012
Deferred contract revenue	7,280	3,083
Deposits and other unearned revenue --		
Churches	101,816	99,567
Students	5,050	1,500
TOTAL LIABILITIES	122,235	113,596
NET ASSETS		
Unrestricted	726,394	689,658
Temporarily restricted (Note 8)	40,000	80,000
TOTAL NET ASSETS	766,394	769,658
TOTAL LIABILITIES AND NET ASSETS	$ 888,629	$ 883,254

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

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2013 AND 2012

	For the Year Ended June 30, 2013			*For the Year Ended June 30, 2012*		
	Unrestricted	*Temporarily Restricted*	*Total*	*Unrestricted*	*Temporarily Restricted*	*Total*
INCREASES IN NET ASSETS						
Contributions, cash and pledges	$ 121,252	$ -	$ 121,252	$ 109,046	$ -	$ 109,046
Contributions, in-kind donations (Note 2)	54,500	-	54,500	54,500	-	54,500
Program services revenue, churches	562,882	-	562,882	593,704	-	593,704
Program services revenue, students	29,515	-	29,515	26,711	-	26,711
Advertising income	-	-	-	9,800	-	9,800
Publishing income	6,210	-	6,210	3,220	-	3,220
Investment returns (Note 6)	19,245	-	19,245	16,255	-	16,255
Unrealized investment gains (losses)	45,934	-	45,934	(14,207)	-	(14,207)
Net assets released from restrictions	40,000	(40,000)	-	40,000	(40,000)	-
TOTAL INCREASES IN NET ASSETS	879,538	(40,000)	839,538	839,029	(40,000)	799,029
DECREASES IN NET ASSETS						
Program services	662,765	-	662,765	835,065	-	835,065
Management and general	179,355	-	179,355	180,502	-	180,502
Fundraising	682	-	682	1,351	-	1,351
TOTAL DECREASES IN NET ASSETS	842,802	-	842,802	1,016,918	-	1,016,918
CHANGE IN NET ASSETS	36,736	(40,000)	(3,264)	(177,889)	(40,000)	(217,889)
NET ASSETS, beginning of the year	689,658	80,000	769,658	867,547	120,000	987,547
NET ASSETS, end of the year	$ 726,394	$ 40,000	$ 766,394	$ 689,658	$ 80,000	$ 769,658

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

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

	For the Year ended June 30,	
	2013	*2012*
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (3,264)	$ (217,889)
Adjustments to reconcile change in net assets		
Depreciation	4,869	5,315
Unrealized investment gains and losses	(45,934)	14,207
(Increase) decrease in operating assets		
Unconditional promises to give --		
Unrestricted	1,908	(37,541)
Restricted	40,000	40,000
Short-term employee receivables	(1,669)	-
Accounts receivable	6,751	908
Prepaid expenses	(2,789)	656
Increase (decrease) in operating liabilities		
Accounts payable	(1,554)	2,231
Payroll taxes payable	(203)	203
Accrued expenses	400	4,174
Deferred contract revenue	4,197	(1,625)
Deposits and unearned revenue	5,799	13,067
Other liabilities	-	(207)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	8,511	(176,501)
CASH FLOWS FROM INVESTING ACTIVITIES		
Employee housing loan installment forgiven	4,000	4,000
Purchases of property and equipment	(3,213)	(1,219)
Sale of securities	106,735	256,458
Purchases of securities	(104,985)	(127,000)
Dividends received and reinvested	(14,686)	(14,229)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(12,149)	118,010
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,638)	(58,491)
CASH AND CASH EQUIVALENTS, beginning of the year	173,277	231,768
CASH AND CASH EQUIVALENTS, end of the year	$ 169,639	$ 173,277

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

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2013 AND 2012

	For the Year Ended June 30, 2013			*For the Year Ended June 30, 2012*		
	Program Services	*Management and General*	*Total*	*Program Services*	*Management and General*	*Total*
Payments to founding church for executive director	$ -	$ 82,948	$ 82,948	$ -	$ 82,198	$ 82,198
Salaries and benefits--						
Student compensation	278,577	-	278,577	281,139	-	281,139
Other salaries and benefits	126,715	25,419	152,134	179,464	25,175	204,639
Payroll taxes	26,462	1,689	28,151	33,251	1,750	35,001
Contract labor	-	-	-	1,200	-	1,200
Executive director business expenses	-	5,463	5,463	-	6,773	6,773
Employees' business expenses	15,103	45	15,148	13,397	3,752	17,149
Second campus development expenses	837	-	837	4,267	-	4,267
Legal and accounting fees	-	9,750	9,750	-	11,105	11,105
Student and resource books and curriculum	7,641	-	7,641	7,900	-	7,900
Student class fees	111,163	-	111,163	136,246	-	136,246
Office supplies and equipment	1,144	2,933	4,077	772	2,072	2,844
Rent	46,800	20,000	66,800	41,700	20,000	61,700
Telephone and internet	1,518	2,160	3,678	689	2,754	3,443
National, fall and spring event retreat expenses	23,215	-	23,215	67,536	-	67,536
Bad debt expense	-	6,967	6,967	-	2,096	2,096
Bank, brokerage and payroll fees	1,245	5,654	6,899	-	5,006	5,006
Insurance	-	8,540	8,540	-	7,356	7,356
Test groups	-	-	-	4,158	-	4,158
Think Tank expenses	-	-	-	24,166	-	24,166
Web development and resources	5,302	-	5,302	15,043	-	15,043
Publishing expenses	16,151	-	16,151	7,319	-	7,319
Training modules	-	-	-	11,000	-	11,000
Advertising commissions	-	-	-	-	1,703	1,703
Marketing expenses	892	1,303	2,195	3,251	892	4,143
Depreciation	-	4,869	4,869	-	5,315	5,315
Miscellaneous expenses	-	1,615	1,615	2,567	2,555	5,122
	$ 662,765	$ 179,355	$ 842,120	$ 835,065	$ 180,502	$ 1,015,567

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

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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. The Center accepts graduate level students who participate in a curriculum earning credits for a degree of Master of Arts in Youth Ministry through their affiliation with Memphis Theological Seminary. 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.

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

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

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

Investments – Investments in marketable securities with readily determinable market values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities (See additionally, Note 7.).

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

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

The Center's Forms 990, Return of Organization Exempt from Income Tax, or equivalent Forms 990-EZ, for the years ending June 30, 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after they were filed.

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.

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

The Center received donated legal services from an attorney who formerly served on the Center's Board of Directors. Management has estimated the fair value of these donated services to be $4,500, for each of the years ended June 30, 2013 and 2012, 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, 2013 and 2012, 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, 2013 and 2012, 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 – EMPLOYEE LOAN

The employee loan, in the amount of $12,000 and $16,000, respectively for the years ended June 30, 2013 and 2012, is 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, in the original amount of $20,000, ratably over a period of five years. During the term of the loan the employee must remain in the employment of the Center and the home must remain the primary residence of the employee. Certain terminating events may cause the loan to become immediately due and payable.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30,

	2013	2012
Office equipment	$ 21,858	$ 18,645
Furniture and fixtures	7,896	7,896
Leasehold improvements	8,860	8,860
	38,614	35,401
Less: accumulated depreciation	(23,973)	(19,104)
Property and equipment, net	$ 14,641	$ 16,297

NOTE 6 –INVESTMENT RETURNS

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

	2013	2012
Interest income	$ 2	$ 1,966
Dividends and capital gain distributions	14,699	14,279
Realized gains on sale of investments	4,544	10
Total investment returns	$ 19,245	$ 16,255

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.

NOTE 7 – FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

There are no assets for which significant observable inputs (Level 2) or significant unobservable inputs (Level 3) were used as a measurement of fair value at June 30, 2013 and 2012.

The fair value (Level 1) measurements at June 30, 2013 and 2012 are as follows:

Description	*2013*	*2012*
Equities	$ 28,676	$ 14,907
Corporate/Government Bonds	-	14,766
Mutual Funds	564,886	505,019
Total investments in securities	$593,562	$534,692

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, 2013 and 2012.

NOTE 8 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets of $40,000 and $80,000, respectively, at June 30, 2013 and 2012 are restricted as to the passage of time and were donated in support of the Center's recruiting a Ph.D. professor to serve as the Center's academic dean. Temporarily restricted net assets will be fully released from restrictions and available for use in the year ended June 30, 2014.

NOTE 9 – EVALUATION OF SUBSEQUENT EVENTS

The Center has evaluated subsequent events through November 12, 2013, the date which the financial statements were available to be issued.

END OF NOTES