

CENTER FOR YOUTH MINISTRY TRAINING

AUDIT OF FINANCIAL STATEMENTS

**YEAR ENDED
JUNE 30, 2012**

CENTER FOR YOUTH MINISTRY TRAINING
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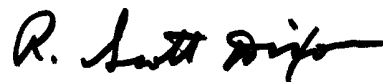
Independent Auditors' Report

Board of Directors
Center for Youth Ministry Training
309 Franklin Road
Brentwood, TN 37027

We have audited the accompanying statement of financial position of Center for Youth Ministry Training (a nonprofit organization) as of June 30, 2012, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



November 29, 2012
Nashville, Tennessee

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

ASSETS

Cash and cash equivalents	\$ 173,277
Investments in securities (Note 7)	534,692
Unconditional promises to give --	
Unrestricted	53,310
Temporarily restricted (Note 8)	80,000
Accounts receivable	6,751
Prepaid expenses	2,927
Employee loan (Note 4)	16,000
Property and equipment, net (Note 5)	<u>16,297</u>

TOTAL ASSETS	\$ <u>883,254</u>
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LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 2,231
Payroll taxes payable	203
Accrued expenses	7,012
Deferred contract revenue	3,083
Deposits and other unearned revenue --	
Churches	99,567
Students	<u>1,500</u>

TOTAL LIABILITIES	<u>113,596</u>
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NET ASSETS

Unrestricted	689,658
Temporarily restricted (Note 8)	<u>80,000</u>
TOTAL NET ASSETS	<u>769,658</u>

TOTAL LIABILITIES AND NET ASSETS	\$ <u>883,254</u>
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The accompanying notes are an integral part of these financial statements.

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>
SUPPORT AND REVENUE			
Contributions, cash and pledges	\$ 109,046	\$ -	\$ 109,046
Contributions, in-kind donations (Note 2)	54,500	-	54,500
Program services revenue, churches	593,704	-	593,704
Program services revenue, students	26,711	-	26,711
Advertising income	9,800	-	9,800
Book sales	3,220	-	3,220
Investment returns (Note 6)	16,255	-	16,255
Unrealized investment gains (losses)	(14,207)	-	(14,207)
Net assets released from restrictions	40,000	(40,000)	-
TOTAL SUPPORT AND REVENUE	<u>839,029</u>	<u>(40,000)</u>	<u>799,029</u>
EXPENSES			
Program services	835,065	-	835,065
Management and general	180,502	-	180,502
Fundraising	1,351	-	1,351
TOTAL EXPENSES	<u>1,016,918</u>	<u>-</u>	<u>1,016,918</u>
DECREASE IN NET ASSETS	(177,889)	(40,000)	(217,889)
NET ASSETS, beginning of the year	<u>867,547</u>	<u>120,000</u>	<u>987,547</u>
NET ASSETS, end of the year	<u><u>\$ 689,658</u></u>	<u><u>\$ 80,000</u></u>	<u><u>\$ 769,658</u></u>

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

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (217,889)
Adjustments to reconcile change in net assets	
Depreciation	5,315
Unrealized investment losses	14,207
Decrease (increase) in unconditional promises to give --	
Unrestricted	(37,541)
Restricted	40,000
Decrease in accounts receivable	908
Decrease in prepaid expenses	656
Increase in accounts payable	2,231
Increase in payroll taxes payable	203
Increase in accrued expenses	4,174
(Decrease) in deferred contract revenue	(1,625)
Increase in deposits and other unearned revenue	13,067
(Decrease) in other liabilities	(207)
NET CASH USED BY OPERATING ACTIVITIES	<u>(176,501)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Forgiven employee housing loan installment	4,000
Purchases of property and equipment	(1,219)
Proceeds from sale of securities	256,458
Purchases of securities	(127,000)
Dividends received and reinvested	(14,229)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>118,010</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (58,491)

CASH AND CASH EQUIVALENTS, beginning of the year 231,768

CASH AND CASH EQUIVALENTS, end of the year \$ 173,277

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

CENTER FOR YOUTH MINISTRY TRAINING
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

	<i><u>Program Services</u></i>	<i><u>Management and General</u></i>	<i><u>Total</u></i>
Payments to founding church for executive director	\$ -	\$ 82,198	\$ 82,198
Salaries and benefits--			
Student compensation	281,139	-	281,139
Other salaries and benefits	179,464	25,175	204,639
Payroll taxes	33,251	1,750	35,001
Contract labor	1,200	-	1,200
Executive director business expenses	-	6,773	6,773
Employees' business expenses	13,397	3,752	17,149
Second campus development expenses	4,267	-	4,267
Legal and accounting fees	-	11,105	11,105
Student books	7,900	-	7,900
Student class fees	136,246	-	136,246
Office supplies and equipment	772	2,072	2,844
Rent	41,700	20,000	61,700
Office telephone and internet	689	2,754	3,443
National event retreat	18,223	-	18,223
Spring and fall retreats	49,313	-	49,313
Bad debt expense	-	2,096	2,096
Bank and brokerage fees	-	5,006	5,006
Insurance	-	7,356	7,356
Test groups	4,158	-	4,158
Think Tank expenses	24,166	-	24,166
Web development and resources	15,043	-	15,043
Publishing	7,319	-	7,319
Training modules	11,000	-	11,000
Advertising commissions	-	1,703	1,703
Marketing expenses	3,251	892	4,143
Depreciation	-	5,315	5,315
Miscellaneous expenses	2,567	2,555	5,122
	<u>\$ 835,065</u>	<u>\$ 180,502</u>	<u>\$ 1,015,567</u>

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

CENTER FOR YOUTH MINISTRY TRAINING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 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.

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

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.

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, 2012

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, 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. 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. 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 \$16,000, 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.

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

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Office equipment	\$ 18,645
Furniture and fixtures	7,896
Leasehold improvements	<u>8,860</u>
	35,401
Less: accumulated depreciation	(<u>19,104</u>)
Property and equipment, net	<u>\$ 16,297</u>

NOTE 6 – INVESTMENT RETURNS

The following schedule summarizes investment returns and their classification in the statement of activities for the year ended June 30, 2012:

Interest income	\$ 1,966
Dividends	14,279
Realized gains on sale of investments	<u>10</u>
Total investment returns	<u>\$ 16,255</u>

NOTE 7 – FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents and accounts receivable 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. The fair value measurements and levels within the fair value hierarchy of those measurements for investments in securities at June 30, 2012, are as follows:

<i>Description</i>	<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	<i>Significant Unobservable Inputs (Level 3)</i>
Equities	\$ 14,907	\$ -
Corporate/Government Bonds	14,766	-
Mutual Funds	<u>505,019</u>	<u>-</u>
Total investments in securities	<u>\$534,692</u>	<u>\$ -</u>

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

NOTE 7 – FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The Center recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the year ended June 30, 2012.

NOTE 8 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets 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 released from restrictions and available in the following periods:

Fiscal year ending June 30,	
2013	\$ 40,000
2014	<u>40,000</u>
	<u>\$ 80,000</u>

NOTE 9 – EVALUATION OF SUBSEQUENT EVENTS

The Center has evaluated subsequent events through November 29, 2012, the date which the financial statements were available to be issued.

END OF NOTES