



YOUTH FOR CHRIST/USA, INC.  
AND AFFILIATE

Consolidated Financial Statements  
With Independent Auditors' Report

June 30, 2019 and 2018

# YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Youth for Christ/USA, Inc. and Affiliate  
Englewood, Colorado

We have audited the accompanying consolidated financial statements of Youth for Christ/USA, Inc. and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, the related consolidated statement of functional expenses for the year ended June 30, 2019, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Youth for Christ/USA, Inc. and Affiliate  
Englewood, Colorado

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Youth for Christ/USA, Inc. and Affiliate, as of June 30, 2019 and 2018, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

Youth for Christ/USA, Inc. and Affiliate has adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. This has had a material effect on the presentation of the consolidated financial statements. Our opinion is not modified with respect to this matter.

*Capin Crouse LLP*

Centennial, Colorado  
December 18, 2019

# YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

## Consolidated Statements of Financial Position

	June 30,	
	<u>2019</u>	<u>2018</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 5,042,961	\$ 6,407,440
Investments	556,853	800,005
Accounts and other receivables—net	288,005	288,523
Prepaid expenses and other assets	338,950	239,361
Promises to give	314,150	1,597,283
Investment in captive insurance company	3,024,460	2,743,425
Land, buildings, and equipment—net	<u>1,239,664</u>	<u>1,239,480</u>
Total Assets	<u>\$ 10,805,043</u>	<u>\$ 13,315,517</u>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable	\$ 310,395	\$ 269,350
Accrued expenses and other liabilities	253,212	215,232
Deferred income	<u>1,657,780</u>	<u>1,541,074</u>
	2,221,387	2,025,656
Net assets	<u>8,583,656</u>	<u>11,289,861</u>
Total Liabilities and Net Assets	<u>\$ 10,805,043</u>	<u>\$ 13,315,517</u>

See notes to consolidated financial statements

## YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

### Consolidated Statements of Activities

	Year Ended June 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 2,383,415	\$ 7,019,321	\$ 9,402,736	\$ 5,186,374	\$ 8,457,029	\$ 13,643,403
Insurance premiums						
from affiliates	1,551,260	-	1,551,260	1,745,324	-	1,745,324
Dues from affiliates	1,537,078	-	1,537,078	1,552,491	-	1,552,491
Event income	1,485,259	-	1,485,259	1,626,656	-	1,626,656
Gain (loss) on investment in captive insurance company	531,035	-	531,035	(281,870)	-	(281,870)
Program and other revenue	421,241	-	421,241	308,311	-	308,311
<b>Total Support and Revenue</b>	<b>7,909,288</b>	<b>7,019,321</b>	<b>14,928,609</b>	<b>10,137,286</b>	<b>8,457,029</b>	<b>18,594,315</b>
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	6,640,639	(6,640,639)	-	6,526,112	(6,526,112)	-
Time restrictions	3,079,133	(3,079,133)	-	2,407,209	(2,407,209)	-
	<b>9,719,772</b>	<b>(9,719,772)</b>	<b>-</b>	<b>8,933,321</b>	<b>(8,933,321)</b>	<b>-</b>

(continued)

See notes to consolidated financial statements

## YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

### Consolidated Statements of Activities (continued)

	Year Ended June 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services:						
Missionaries	6,215,191	-	6,215,191	5,279,253	-	5,279,253
Chapter services	4,167,405	-	4,167,405	4,437,173	-	4,437,173
Field leadership	2,761,722	-	2,761,722	2,754,675	-	2,754,675
Risk management	1,363,226	-	1,363,226	1,374,686	-	1,374,686
	14,507,544	-	14,507,544	13,845,787	-	13,845,787
Supporting activities:						
General and administrative	1,973,141	-	1,973,141	2,567,043	-	2,567,043
Fundraising	1,154,129	-	1,154,129	1,535,061	-	1,535,061
	3,127,270	-	3,127,270	4,102,104	-	4,102,104
Total Expenses	17,634,814	-	17,634,814	17,947,891	-	17,947,891
Change in Net Assets	(5,754)	(2,700,451)	(2,706,205)	1,122,716	(476,292)	646,424
Net Assets, Beginning of Year	6,892,021	4,397,840	11,289,861	5,769,305	4,874,132	10,643,437
Net Assets, End of Year	\$ 6,886,267	\$ 1,697,389	\$ 8,583,656	\$ 6,892,021	\$ 4,397,840	\$ 11,289,861

See notes to consolidated financial statements

# YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

## Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

(with comparative information for the year ended June 30, 2018)

	Program Services				Supporting Activities		Total Expense	2018
	Missionaries	Chapter Services	Risk Management	Field Leadership	General and Administrative	Fundraising		
Salaries and benefits	\$ 3,914,336	\$ 1,845,121	\$ 292,167	\$ 2,259,342	\$ 1,147,951	\$ 789,525	\$ 10,248,442	\$ 11,439,475
Grants to others	1,651,994	25,485	12,321	2,408	1,131	706	1,694,045	286,860
Facility rental and food	12,845	1,405,504	-	15,235	34,046	128,081	1,595,711	1,680,624
Professional fees	174,933	359,359	63,995	139,315	255,689	12,683	1,005,974	1,084,720
Movement insurance	-	-	958,898	-	-	-	958,898	1,066,727
Travel	233,779	215,058	12,323	259,122	65,674	80,286	866,242	996,655
Facilities and equipment	142,354	150,335	4,369	65,039	295,599	20,436	678,132	659,597
Office supplies and others	75,710	107,529	18,303	16,611	166,292	120,240	504,685	608,785
Depreciation and amortization	9,240	59,014	850	4,650	6,759	2,172	82,685	124,448
<b>Total Expenses</b>	<b>\$ 6,215,191</b>	<b>\$ 4,167,405</b>	<b>\$ 1,363,226</b>	<b>\$ 2,761,722</b>	<b>\$ 1,973,141</b>	<b>\$ 1,154,129</b>	<b>\$ 17,634,814</b>	
2018: Total Expenses	<u>\$ 5,279,253</u>	<u>\$ 4,437,173</u>	<u>\$ 1,374,686</u>	<u>\$ 2,754,675</u>	<u>\$ 2,567,043</u>	<u>\$ 1,535,061</u>		<u>\$ 17,947,891</u>

See notes to consolidated financial statements



# YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

## Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (2,706,205)	\$ 646,424
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	82,685	124,448
(Gain) loss on investment in captive insurance company	(531,035)	281,870
Net realized and unrealized losses	5,190	11,875
Proceeds from collection of promises to give	3,079,133	2,407,209
Recognition of promises to give	(1,796,000)	(1,873,727)
Change in operating assets and liabilities:		
Accounts and other receivables–net	518	17,064
Prepaid expenses and other assets	(99,589)	51,815
Accounts payable	41,045	56,315
Accrued expenses and other liabilities	37,980	67,255
Deferred income	116,706	148,234
Net Cash Provided (Used) by Operating Activities	(1,769,572)	1,938,782
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of land, buildings, and equipment	(82,869)	-
Purchases of investments	(262,038)	(60,426)
Investment in captive insurance company dividend	250,000	-
Proceeds from sale of investments	500,000	43,484
Net Cash Provided (Used) by Investing Activities	405,093	(16,942)
Change in Cash and Cash Equivalents	(1,364,479)	1,921,840
Cash and Cash Equivalents, Beginning of Year	6,407,440	4,485,600
Cash and Cash Equivalents, End of Year	\$ 5,042,961	\$ 6,407,440

See notes to consolidated financial statements

# YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

June 30, 2019 and 2018

### 1. NATURE OF ORGANIZATION:

Youth for Christ/USA, Inc. (YFC) is a not-for-profit corporation striving to reach young people everywhere, working together with the local church and other like-minded partners to raise up lifelong followers of Jesus who lead by their godliness in lifestyle, devotion to the Word of God and prayer, passion for sharing the love of Christ, and commitment to social involvement.

YFC aims to both demonstrate and communicate messages of hope, grace and love in a variety of different cultural settings, pursuing teens in personal, authentic, Christ-sharing relationships. The organization works through affiliates and chapters nationwide to support work in communities, engaging in relationship with 11-19 year-olds in rural and urban settings alike, spreading the redemption message of Jesus Christ. At a national level, YFC delivers resources and training to empower these local leaders and overseas missionaries in reaching out to teens everywhere who need to hear about the love of Jesus.

YFC is exempt from income tax under section 501(c)(3) of the United States Internal Revenue Code (the Code) and comparable state law, and contributions to YFC are tax deductible within the limitations prescribed by the Code. In 2015, the Internal Revenue Service amended YFC's status from a Religious Non-profit Public Charity [501(c)(3) subsection 509(a)(2)] to an Association of Churches [501(c)(3) subsection 170(b)(1)(A)(i) and 509(a)(1)]. YFC has been classified as a publically supported organization which is not a private foundation under section 509(a) of the Code.

YFC Resources Inc. (YFCR) is a wholly owned subsidiary of YFC which was created to sell YFC's branded merchandise. YFCR's activity is consolidated within the financial statements of YFC. YFC and YFCR are collectively referred to as YFC/USA in these consolidated financial statements. The primary source of support and revenue for YFC/USA is contributions, which are tax-deductible for income tax purposes.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

YFC/USA maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking accounts, money market accounts, and petty cash on hand. YFC/USA maintains their cash in accounts at high quality financial institutions. The balances, at times, may exceed federally insured limits. At June 30, 2019 and 2018, the cash accounts that exceeded federally insured limits was approximately \$4,500,000 and \$5,900,000, respectively. YFC/USA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

# YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

June 30, 2019 and 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### INVESTMENTS

Investments consist of certificates of deposits and pooled investments. Certificates of deposit are reported at cost and have original maturities of greater than ninety days. Pooled investments are reported at fair market value and do not have a readily determinable fair value. Donated securities are recorded at fair value on the date of the gift and are carried in accordance with the above policy.

#### ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables consist primarily of amounts due from affiliates for risk management services and administrative fees. Management's estimate of uncollectible accounts is based upon an analysis of past due accounts, which takes into consideration historical collections. For significant past due accounts, YFC/USA works with the chapters to create financial arrangements to pay the balance. Accounts are written off when all methods to collect have been exhausted.

#### PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets mainly consist of prepayments of insurance premiums for the upcoming fiscal year. They will be recognized as expense as they are incurred.

#### PROMISES TO GIVE

Unconditional promises to give are recognized as assets and support in the period made. Management believes that all amounts are fully collectible, therefore no allowance has been recorded.

#### LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment are stated at cost, or if donated, at the estimated fair market value at the date of donation. Property donated with restrictions regarding its use and contributions of cash to acquire property are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from temporarily restricted net assets to unrestricted net assets at that time. Depreciation and amortization is recorded using the straight-line method over estimated useful lives of 3 to 75 years. During the year ended June 30, 2018, YFC/USA changed their capitalization policy to \$4,000. Therefore, fixed asset purchases exceeding that amount are capitalized.

# YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

June 30, 2019 and 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### DEFERRED INCOME

Deferred income consists primarily of risk management services charged to affiliates for general liability insurance coverage. Income is recognized over the insurance policy year. Deferred income also includes registration fees for camps that are scheduled to occur after fiscal year end. Deferred income consists of:

	June 30,	
	2019	2018
Risk management	\$ 1,136,418	\$ 1,002,268
Camp registration	518,209	527,565
Other deferred income	3,153	11,241
	<u>\$ 1,657,780</u>	<u>\$ 1,541,074</u>

#### NET ASSETS

The net assets of YFC/USA consist of the following categories:

*Net assets without donor restrictions* are those resources that are available for current operations, which includes those resources invested in property and equipment—net, resources board designated for liability insurance coverage and projects, and resources invested in the captive insurance company.

*Net assets with donor restrictions, restricted by purpose or time* are comprised of donor-restricted contributions for the support of projects and promises to give.

*Net assets with donor restrictions, restricted in perpetuity* include endowment funds held in perpetuity by third party trustees for the benefit of YFC/USA. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. The disclosures required by the Reporting Endowment Funds topic of the Financial Accounting Standards Board Accounting Standards Codification have not been included in these consolidated financial statements due to immateriality.

# YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

June 30, 2019 and 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

YFC/USA receives fees for camps and risk management services from its affiliates. This income is recognized in the month in which it is earned. YFC/USA has excluded fees that cover months subsequent to June 30, 2019 and 2018. The amount of insurance premiums excluded from accounts receivable and deferred revenue as of June 30, 2019 and 2018, is \$169,359 and \$162,959, respectively. Amounts that have been billed to its affiliates for services subsequent to June 30, 2019, and paid by its affiliates as of June 30, 2019, have been recorded as deferred revenue in the consolidated statements of financial position.

Dues from affiliates and administrative fees are received from affiliates and recognized when earned. Camp registration fees and event income are recognized when earned, which is when the camp or event occurs. Program and other income is recorded when earned.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated statement of functional expenses reports certain categories of expenses that are attributable to one or more program or supporting functions of the YFC/USA. These expenses include depreciation and tax, salaries and benefits, grants to others, facility rental and food, professional fees, travel, facilities and equipment and office supplies and others. Depreciation is allocated base on square footage. Costs of other categories were allocated on estimates of time and effort. Program services of YFC/USA are described in Note 1.

#### RECENTLY ADOPTED ACCOUNTING STANDARD

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. YFC/USA adopted the provisions of this new standard during the year ended June 30, 2019. In addition to the changes in terminology used to describe categories of net assets throughout the consolidated financial statements, new disclosures were added regarding liquidity and availability of resources (Note 3) and disclosures related to functional allocation of expenses were expanded (Note 2, above). Adoption of this standard had no effect on the change in net assets by class of net assets or in total.

# YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

June 30, 2019 and 2018

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects YFC/USA's financial assets reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year; held in trust; held in perpetual endowments and the accumulated earnings thereof, net of appropriations within one year; subject to donor purpose or time restrictions, net of spending pursuant to the restrictions within one year; or because funds are set aside by the governing board.

	June 30,	
	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 5,042,961	\$ 6,407,440
Accounts receivable	288,005	288,523
Promises to give–net	314,150	1,597,283
Investments	556,853	800,005
Financial assets, year-end:	6,201,969	9,093,251
Less those unavailable for general expenditure within one year, due to:		
Funds restricted by donor in perpetuity	(18,590)	(18,590)
Funds designated by board for specific purpose	(2,590,040)	(2,211,106)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,593,339	\$ 6,863,555

As part of YFC/USA's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due.

4. INVESTMENTS:

Investments consist of:

	June 30,	
	2019	2018
Pooled investments	\$ 556,853	\$ 253,511
Certificates of deposit	-	546,494
	\$ 556,853	\$ 800,005

# YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

June 30, 2019 and 2018

5. ACCOUNTS AND OTHER RECEIVABLES–NET:

Accounts and other receivables–net consist of:

	June 30,	
	2019	2018
Due from affiliates (located nationwide):		
Charter covenant fees	\$ 215,130	\$ 222,002
Risk management	84,857	154,205
Other	101,722	73,142
	401,709	449,349
Less allowance for doubtful accounts	(113,704)	(160,826)
	\$ 288,005	\$ 288,523

6. PROMISES TO GIVE–NET:

Promises to give due in one to five years have not been discounted due to immateriality. Promises to give–net consist of:

	June 30,	
	2019	2018
Due in less than one year	\$ 314,150	\$ 1,479,390
Between one year and five years	-	117,893
	\$ 314,150	\$ 1,597,283

7. INVESTMENT IN CAPTIVE INSURANCE COMPANY:

There are currently nine unrelated not-for-profit organizations that have invested in the captive insurance holding company, entitled Stewardship Insurance, Ltd (SIL). As of June 30, 2019 and 2018, YFC/USA owns 8.60% and 7.90%, respectively, of SIL.

YFC/USA uses the equity method because it has been determined that YFC/USA has significant influence. The captive insurance holding company reinsures claims relating to workers' compensation, general liability, auto liability, and sexual misconduct liability. SIL pays the first \$1,000,000 of any claim and reinsures the next \$1,000,000 with a primary carrier, ACE American Insurance Company (ACE). ACE also provides aggregate stop loss coverage for the aggregate of all claims insured by SIL. Claim experience is identified to each participating entity, and subsequent premiums are modified based on an entity's experience and other factors.

# YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

June 30, 2019 and 2018

7. INVESTMENT IN CAPTIVE INSURANCE COMPANY, continued:

The investment in SIL was \$3,024,460 and \$2,743,425 as of June 30, 2019 and 2018, respectively. During the years ended June 30, 2019, and 2018, YFC/USA reported its investment in SIL based upon the audited financial statements of SIL for SIL's year ended April 30, 2019 and 2018.

	April 30,	
	2019*	2018*
Total assets	\$ 50,492,587	\$ 49,725,937
Total liabilities	\$ 15,338,403	\$ 18,483,714
Comprehensive income–net of dividends	\$ 6,286,322	\$ 3,491,632

\*SIL's fiscal year end is April 30, therefore amounts represent balances and activities through and for the years ending April 30.

8. LAND, BUILDINGS, AND EQUIPMENT–NET:

Land, buildings, and equipment–net consist of:

	June 30,	
	2019	2018
Land	\$ 199,950	\$ 199,950
Buildings and improvements	1,394,959	1,312,089
Software	704,671	704,671
Furniture, fixtures, and equipment	171,469	171,469
	2,471,049	2,388,179
Less accumulated depreciation and amortization	(1,231,385)	(1,148,699)
	\$ 1,239,664	\$ 1,239,480



# YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

June 30, 2019 and 2018

9. NET ASSETS:

Net assets consist of:

	June 30,	
	2019	2018
Without donor restrictions:		
Operating	\$ 32,103	\$ 698,010
Equity in land, buildings, and equipment–net	1,239,664	1,239,480
Designated for risk management	2,590,040	2,211,106
Equity in investment in captive insurance company	3,024,460	2,743,425
	6,886,267	6,892,021
With donor restrictions:		
Restricted by purpose:		
Affiliates and affiliate projects	868,727	965,815
Other projects	495,922	555,359
Missionaries and missionary projects	-	1,260,793
Time restricted promises to give–net	314,150	1,597,283
Restricted in perpetuity	18,590	18,590
	1,697,389	4,397,840
	\$ 8,583,656	\$ 11,289,861

10. FAIR VALUE MEASUREMENTS:

YFC/USA uses appropriate valuation techniques to determine fair value based on inputs available. When available, YFC/USA measures fair value using Level 1 inputs because they generally provide the most reliable evidence for fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

# YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

June 30, 2019 and 2018

10. FAIR VALUE MEASUREMENTS, continued:

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position, which are measured at fair value on a recurring basis, and the level within the fair value measurement hierarchy in which the fair value measurements fall:

		Fair Value Measurements Using:	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Observable Inputs (Level 2)
June 30, 2019:			
Pooled investments	\$ 556,853	\$ -	\$ 556,853
June 30, 2018:			
Pooled investments	\$ 253,511	\$ -	\$ 253,511
Reconciling items at cost:			
Cash and cash equivalents and certificate of deposits	546,494		
Total Investments	\$ 800,005		

Valuation techniques: Level 2 measures the fair value of pooled investments. They are determined based on quoted market prices, however, YFC/USA's interest represents an interest in pooled funds held by another organization and as such the funds are classified as Level 2.

11. RETIREMENT PLAN:

YFC/USA participates in a Tax Sheltered Annuity Plan (the Plan) in compliance with Section 403(b) of the Internal Revenue Code. Employees who have completed two years of service and make a voluntary 1% to 3% salary reduction contribution, are entitled to a 1% to 3% employer contribution. Employer contributions to the Plan for the years ended June 30, 2019 and 2018, were \$152,489 and \$179,490, respectively.

# YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

June 30, 2019 and 2018

### 12. RELATED PARTY TRANSACTIONS:

During the years ended June 30, 2019 and 2018, four and five, respectively, of the one hundred forty executive directors of YFC/USA affiliates were also board members of YFC/USA. These members are selected by YFC regions to represent the interests of all affiliates. During the years ended June 30, 2019 and 2018, \$456,659 and \$485,930, respectively, was billed to those affiliates for dues and risk management services. As of June 30, 2019 and 2018, \$75,812 and \$86,348, respectively, was due to YFC/USA from these affiliates.

A member of YFC/USA's board is also on the board of a financial institution where YFC/USA holds cash and cash equivalents and investments. As of June 30, 2019 and 2018, YFC/USA held \$250,928 and \$416,601 of cash and cash equivalents at this financial institution, respectively. Additionally, as of June 30, 2019 and 2018, YFC/USA held \$250,000 and \$514,977 of investments at this financial institution, respectively.

### 13. SUBSEQUENT EVENTS:

Subsequent to the the year ending June 30, 2019, YFC/USA entered into a line of credit agreement with another organization, and it is available to YFC/USA with no interest for a maximum amount of \$500,000. The agreement matures in December, 2029. As of December 18, 2019, \$171,889 was drawn on this line of credit.

Subsequent events have been evaluated through December 18, 2019, which is the date the financial statements were available to be issued.