



**YOUTH FOR CHRIST
INTERNATIONAL MINISTRIES**

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2022 and 2021

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Youth for Christ International Ministries
Englewood, Colorado

Opinion

We have audited the accompanying consolidated financial statements of Youth for Christ International Ministries and Youth for Christ International, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Youth for Christ International Ministries and Youth for Christ International as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Youth for Christ International Ministries and Youth for Christ International, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Youth for Christ International Ministries and Youth for Christ International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Youth for Christ International Ministries and Youth for Christ International's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Youth for Christ International Ministries and Youth for Christ International's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Capin Crouse LLP

Centennial, Colorado
April 26, 2023

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Consolidated Statements of Financial Position

	December 31,	
	<u>2022</u>	<u>2021</u>
ASSETS:		
Cash and cash equivalents	\$ 7,868,619	\$ 8,237,647
Investments	1,728,144	786,250
Prepaid expenses and other assets	308,017	555
Note receivable	115,000	15,000
Property held for sale	180,278	-
Property and equipment–net	<u>108,556</u>	<u>316,807</u>
Total Assets	<u>\$ 10,308,614</u>	<u>\$ 9,356,259</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 7,631	\$ 51,032
Accrued expenses and other	<u>214,407</u>	<u>169,669</u>
Total liabilities	<u>222,038</u>	<u>220,701</u>
Net assets:		
Without donor restrictions	1,408,118	1,700,042
With donor restrictions	<u>8,678,458</u>	<u>7,435,516</u>
Total net assets	<u>10,086,576</u>	<u>9,135,558</u>
Total Liabilities and Net Assets	<u>\$ 10,308,614</u>	<u>\$ 9,356,259</u>

See notes to consolidated financial statements

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Consolidated Statements of Activities

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 1,540,851	\$ 12,755,120	\$ 14,295,971	\$ 1,978,705	\$ 10,871,886	\$ 12,850,591
Donated services	137,500	-	137,500	125,000	-	125,000
Investment and other income	7,844	-	7,844	43,920	-	43,920
Total Support and Revenue	1,686,195	12,755,120	14,441,315	2,147,625	10,871,886	13,019,511
NET ASSETS RELEASED FROM:						
Purpose restrictions	10,723,407	(10,723,407)	-	8,505,938	(8,505,938)	-
Administrative assessments	788,771	(788,771)	-	802,781	(802,781)	-
	11,512,178	(11,512,178)	-	9,308,719	(9,308,719)	-
EXPENSES:						
Program services	11,947,698	-	11,947,698	9,607,883	-	9,607,883
Supporting activities:						
General and administrative	965,657	-	965,657	1,005,241	-	1,005,241
Fundraising	576,942	-	576,942	574,438	-	574,438
	1,542,599	-	1,542,599	1,579,679	-	1,579,679
Total Expenses	13,490,297	-	13,490,297	11,187,562	-	11,187,562
Change in Net Assets	(291,924)	1,242,942	951,018	268,782	1,563,167	1,831,949
Net Assets, Beginning of Year	1,700,042	7,435,516	9,135,558	1,431,260	5,872,349	7,303,609
Net Assets, End of Year	\$ 1,408,118	\$ 8,678,458	\$ 10,086,576	\$ 1,700,042	\$ 7,435,516	\$ 9,135,558

See notes to consolidated financial statements

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Consolidated Statements of Functional Expenses

	Year Ended December 31, 2022			
	Program Services	Supporting Activities:		Total
		General and Administrative	Fundraising	
Grants to international affiliates	\$ 7,452,871	\$ -	\$ -	\$ 7,452,871
Salaries and benefits	3,441,545	584,342	504,558	4,530,445
Travel and events	714,334	-	-	714,334
Office and professional services	265,637	316,150	47,947	629,734
Facilities and equipment	55,509	49,341	18,503	123,353
Depreciation	17,802	15,824	5,934	39,560
	\$ 11,947,698	\$ 965,657	\$ 576,942	\$ 13,490,297
	Year Ended December 31, 2021			
	Program Services	Supporting Activities:		Total
		General and Administrative	Fundraising	
Grants to international affiliates	\$ 5,503,394	\$ -	\$ -	\$ 5,503,394
Salaries and benefits	3,410,350	636,599	500,185	4,547,134
Travel and events	292,304	-	-	292,304
Office and professional services	322,415	298,046	47,780	668,241
Facilities and equipment	62,557	55,606	20,852	139,015
Depreciation	16,863	14,990	5,621	37,474
	\$ 9,607,883	\$ 1,005,241	\$ 574,438	\$ 11,187,562

See notes to consolidated financial statements

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 951,018	\$ 1,831,949
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	39,560	37,474
Net realized and unrealized (gains) losses on investments	58,106	(23,311)
Change in operating assets and liabilities:		
Prepaid expenses and other assets	(307,462)	(555)
Accounts payable	(43,401)	34,336
Accrued expenses and other	44,738	130,193
Net Cash Provided by Operating Activities	742,559	2,010,086
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(1,000,000)	(250,000)
Purchase of property and equipment	(11,587)	(59,697)
Issuance of note receivable	(100,000)	-
Collections on note receivable	-	149,342
Net Cash Used by Investing Activities	(1,111,587)	(160,355)
Change in Cash and Cash Equivalents	(369,028)	1,849,731
Cash and Cash Equivalents, Beginning of Year	8,237,647	6,387,916
Cash and Cash Equivalents, End of Year	\$ 7,868,619	\$ 8,237,647
NON-CASH TRANSACTION:		
Transfer of property and equipment to property held for sale	\$ 180,278	\$ -

See notes to consolidated financial statements

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

1. NATURE OF ORGANIZATION:

Youth for Christ International Ministries is a not-for-profit corporation working with young people through its chartered national affiliates around the world. The vision of the organization is to see that every young person, in every people group, in every nation has an opportunity to make an informed decision to be a follower of Jesus Christ and become part of a local church. Youth for Christ International, an organization incorporated in Switzerland, was created to further this mission. Youth for Christ International had no financial activity for the years ended December 31, 2022 and 2021. Collectively, these two organizations are referred to as YFCI.

The chartered national affiliates are independent organizations that support the mission of YFCI. Each national affiliate maintains an independent board of directors and is not under the financial control of YFCI. Accordingly, the national affiliates are not consolidated in these financial statements.

The national affiliates are organized by geographical region into area offices, which include Africa, Asia Pacific, Americas, and Europe, Middle East, and North Africa. The area offices report to the YFCI board of trustees and are not under the financial control of YFCI. Therefore, the financial activity between YFCI and the area offices is reported in these consolidated financial statements as related party transactions. Also, YFCI employs approximately 80 missionaries that serve Youth for Christ programs around the world.

Youth for Christ International Ministries (YFCI) is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law(s). However, YFCI is subject to federal income tax on any unrelated business taxable income. In addition, YFCI is not classified as a private foundation within the meaning of Section 509(a) of the IRC. YFCI's primary source of support and revenue is from contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

YFCI 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 and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those 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 consists of cash held in checking and money market accounts. As of December 31, 2022 and 2021, the cash accounts on deposit exceeded federally insured limits by approximately \$4,586,000 and \$6,889,000, respectively. The financial institution where YFCI holds a majority of their funds also has a sweep feature that provides additional protection.

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consist of pooled investments held by Youth for Christ Foundation (YFCF) and are reported at fair value. Donated securities are recorded at fair value on the date of the gift and are carried in accordance with the above policy.

YFCI uses appropriate valuation techniques to determine fair value based on inputs available. When available, YFCI 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. Pooled investments were valued using Level 2 inputs as of December 31, 2022 and 2021. The underlying investments are determined based on quoted market prices, however, YFCI's interest represents an interest in pooled funds held by another organization and as such the funds are classified as Level 2.

PROPERTY HELD FOR SALE

During the year ended December 31, 2022, YFCI made a decision to sell its Centennial property, which is reflected as property held for sale. It was recorded at the lower of book value or net realizable value. There has been no impairment recorded on the property held for sale.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, or if donated, at the estimated fair market value at the date of donation. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation and amortization is recorded using the straight-line method over estimated useful lives ranging between five and forty years. Property and equipment purchases exceeding \$2,500 are capitalized.

NET ASSETS

The net assets of YFCI are reported according to class as follows:

Net assets without donor restrictions are those resources currently available for YFCI's purposes under the direction of the board of trustees.

Net assets with donor restrictions are those resources contributed with donor stipulations for specific purposes and programs.

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash or 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. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Those contributions postmarked by the end of the fiscal year are recognized as contributions and cash in that fiscal year rather than promises to give.

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, continued

Donated services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if not donated. Contributed services consists of the donated salary of the chief executive officer (CEO) and is based on similar positions in other organizations.

Investment and other income is recognized when earned.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities and additional support is provided in the consolidated statements of functional expenses. Expenses that include occupancy are allocated based on usage of property. Costs of other categories were allocated on estimates of time and effort. YFCI's primary activities include mission support, youth programs, and global evangelism.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2022, YFCI adopted Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the consolidated financial statements, with the exception of increased disclosures.

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects YFCI'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.

	December 31,	
	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 7,868,619	\$ 8,237,647
Investments	1,728,144	786,250
Notes receivable	115,000	15,000
Financial assets, at year-end	<u>9,711,763</u>	<u>9,038,897</u>
Less those unavailable for general expenditure within one year due to:		
Notes receivable collectible beyond one year	(100,000)	(15,000)
Net assets with donor restrictions not expected to be used within one year	<u>(3,358,346)</u>	<u>(1,482,370)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,253,417</u>	<u>\$ 7,541,527</u>

YFCI has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. YFCI has a reserve fund that is set aside to cover short-term cash fluctuations.

4. NOTES RECEIVABLE:

During the year ended December 31, 2022, YFCI entered into a \$100,000 unsecured note receivable agreement with Youth For Christ Romania, a separate legal entity. The receivable is interest free with payments starting in 2025 with the full balance due at the end of 2026. YFCI also has a \$15,000 outstanding note receivable with a Youth for Christ camp that is interest free and expected to be fully received in 2023. Imputed interest has not been recorded due to immateriality.

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	December 31,	
	2022	2021
Land	\$ -	\$ 24,360
Building and improvements	-	338,523
Equipment and furnishings	64,096	64,096
Software	200,339	152,555
	264,435	579,534
Less accumulated depreciation and amortization	(167,379)	(310,424)
	97,056	269,110
Projects in process	11,500	47,697
	<u>\$ 108,556</u>	<u>\$ 316,807</u>

6. RELATED PARTY TRANSACTIONS:

YFCI makes disbursements to the area offices. These disbursements include contributions received by YFCI and restricted for specific missionaries or area offices as well as disbursements for general grant support. In total, YFCI disbursed the following amounts to the area offices:

	Year Ended December 31,	
	2022	2021
YFCI–Africa Area Office	\$ 106,501	\$ 98,811
YFCI–Europe, Middle East, and North Africa Area Office	94,503	143,429
YFCI–Americas Area Office	66,758	29,720
YFCI–Asia Pacific Area Office	45,721	61,559
	<u>\$ 313,483</u>	<u>\$ 333,519</u>

Separate from the area offices, during the years ended December 31, 2022 and 2021 two and three of the twelve board members of YFCI are staff members of the national affiliates and are selected by YFCI areas to represent the interests of all area offices, respectively. During the years ended December 31, 2022 and 2021, \$61,423 and \$682,390 of contributions were distributed to these board members' countries, respectively.

YFCI uses software, in which the companies are owned by the CEO of YFCI. Total payments made to the organizations for software usage for the years ended December 31, 2022 and 2021, were \$35,172 and \$27,672, respectively.

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

6. RELATED PARTY TRANSACTIONS, continued:

YFCI holds investments with Youth for Christ Foundation (YFCF), which is an affiliate of YFCI in which a member of YFCI management serves on the board of YFCF. As of December 31, 2022 and 2021, YFCI had \$1,728,144 and \$786,250, of investments held by YFCF, respectively.

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2022	2021
International program ministries	\$ 6,312,359	\$ 5,335,741
Missionaries and missionary projects	2,366,099	2,099,775
	<u>\$ 8,678,458</u>	<u>\$ 7,435,516</u>

8. RETIREMENT PLAN:

During the years ended December 31, 2022 and 2021, YFCI participated in the 403(b) plan offered by YFC/USA. YFCI provides a dollar for dollar match up to 3% of eligible employees' compensation. Total employer contributions for the years ended, December 31, 2022 and 2021 were \$95,794 and \$86,719, respectively.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 26, 2023, which is the date the consolidated financial statements were available to be issued.