



YOUTH FOR CHRIST INTERNATIONAL
MINISTRIES

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2017 and 2016

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Youth for Christ International Ministries
Englewood, Colorado

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, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, 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 audits 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 Trustees
Youth for Christ International Ministries
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 International Ministries and Youth for Christ International as of December 31, 2017 and 2016, 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.

Capin Crouse LLP

Centennial, Colorado
June 14, 2018

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Consolidated Statements of Financial Position

	December 31,	
	2017	2016
ASSETS:		
Cash and cash equivalents	\$ 2,283,927	\$ 2,289,743
Investments	29,733	43,190
Inventory and other assets	19,676	18,817
Property and equipment–net	265,942	289,227
Total Assets	\$ 2,599,278	\$ 2,640,977
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 33,849	\$ 22,624
Accrued expenses	6,883	34,197
	40,732	56,821
Net assets:		
Unrestricted:		
Operating	617,155	632,051
Equity in property and equipment–net	265,942	289,227
	883,097	921,278
Temporarily restricted: international program ministries	1,675,449	1,662,878
	2,558,546	2,584,156
Total Liabilities and Net Assets	\$ 2,599,278	\$ 2,640,977

See notes to consolidated financial statements

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Consolidated Statements of Activities

	Year Ended December 31,					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 603,664	\$ 4,023,570	\$ 4,627,234	\$ 663,800	\$ 3,573,450	\$ 4,237,250
Conference income	159,739	-	159,739	-	-	-
Other income	28,179	-	28,179	12,197	-	12,197
Total Support and Revenue	791,582	4,023,570	4,815,152	675,997	3,573,450	4,249,447
NET ASSETS RELEASED:						
Purpose restrictions	3,701,876	(3,701,876)	-	3,088,787	(3,088,787)	-
Administrative assessments	309,123	(309,123)	-	267,974	(267,974)	-
	4,010,999	(4,010,999)	-	3,356,761	(3,356,761)	-
EXPENSES:						
Program services	4,246,322	-	4,246,322	3,633,676	-	3,633,676
Supporting activities:						
General and administrative	441,809	-	441,809	427,595	-	427,595
Fundraising	152,631	-	152,631	163,288	-	163,288
	594,440	-	594,440	590,883	-	590,883
Total Expenses	4,840,762	-	4,840,762	4,224,559	-	4,224,559
Change in Net Assets	(38,181)	12,571	(25,610)	(191,801)	216,689	24,888
Net Assets, Beginning of Year	921,278	1,662,878	2,584,156	1,113,079	1,446,189	2,559,268
Net Assets, End of Year	\$ 883,097	\$ 1,675,449	\$ 2,558,546	\$ 921,278	\$ 1,662,878	\$ 2,584,156

See notes to consolidated financial statements

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (25,610)	\$ 24,888
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	25,486	27,157
Net realized and unrealized (gain) loss on investments	(9,392)	769
Change in operating assets and liabilities:		
Inventory and other assets	(859)	26,329
Accounts payable	11,225	(11,880)
Accrued expenses	(27,314)	27,631
Net Cash Provided (Used) by Operating Activities	(26,464)	94,894
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	-	(43,959)
Proceeds from sales of investments	22,849	-
Purchase of property and equipment	(2,201)	(5,927)
Net Cash Provided (Used) by Investing Activities	20,648	(49,886)
Change in Cash and Cash Equivalents	(5,816)	45,008
Cash and Cash Equivalents, Beginning of Year	2,289,743	2,244,735
Cash and Cash Equivalents, End of Year	\$ 2,283,927	\$ 2,289,743

See notes to consolidated financial statements

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

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, 2017 and 2016. 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.

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, 2017 and 2016, the cash accounts exceeded federally insured limits by approximately \$1,693,000 and \$1,660,000, respectively. YFCI 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 INTERNATIONAL MINISTRIES

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments consist of common stock and are carried at fair value based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy established under the Fair Value Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Investments received by gift are recorded at market value on the date of donation and, thereafter reported in accordance with the above provisions. Unrealized gains or losses in fair value, interest, and dividends are recognized as other income on the consolidated statements of activities in the year which they occur.

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 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 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:

Unrestricted net assets are those resources currently available for YFCI's purposes under the direction of the board of trustees and those resources invested in property and equipment—net.

Temporarily restricted net assets 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.

During the year ended December 31, 2015, YFCI entered into an agreement with Youth For Christ/USA (YFC/USA) that provides services of certain YFC/USA employees at no cost to YFCI. The value of these services received by YFCI, recognized as contributions and expense in the consolidated statements of activities, was \$46,847 and \$96,111 for the years ended December 31, 2017 and 2016, respectively.

Conference income is related to the General Assembly Conference and is recorded when earned. Other income is recorded when earned.

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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. Accordingly, certain costs, such as salaries and benefits, have been allocated among the program services and supporting activities benefited. Program services include activities such as mission support, youth programs, and global evangelism.

3. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	December 31,	
	2017	2016
Land	\$ 24,360	\$ 24,360
Building and improvements	321,550	321,550
Equipment and furnishings	128,660	128,660
Software	49,279	38,279
	<u>523,849</u>	<u>512,849</u>
Less accumulated depreciation and amortization	<u>(257,907)</u>	<u>(232,422)</u>
	265,942	280,427
Software in process	-	8,800
	<u>\$ 265,942</u>	<u>\$ 289,227</u>

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

4. 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,	
	2017	2016
YFCI–Asia Pacific Area Office	\$ 116,324	\$ 55,274
YFCI–Africa Area Office	85,670	44,366
YFCI–Americas Area Office	37,842	43,316
YFCI–Europe, Middle East, and North Africa Area Office	-	25,558
	<u>\$ 239,836</u>	<u>\$ 168,514</u>

Separate from the area offices, four of the twelve board members of YFCI are national directors of the national affiliates and are selected by YFCI areas to represent the interests of all area offices. During the years ended December 31, 2017 and 2016, \$469,703 and \$449,268 of donor contributions was distributed to these board members' countries, respectively.

5. RETIREMENT PLAN:

YFCI maintains a Simple IRA defined contribution plan (the Plan) for all employees who work more than thirty hours per week and who have worked at YFCI for more than an accumulated 2,000 hours. YFCI provides a 50% employer match of all employee contributions on behalf of eligible employees up to 6% of annual compensation. Total contributions for the years ended December 31, 2017 and 2016 were \$11,550 and \$10,632, respectively.

6. SUBSEQUENT EVENTS:

Subsequent to the year ended December 31, 2017, the decision was made to move the Global Engagement program which currently operates under the entity of Youth For Christ/USA to YFCI. This change will take effect in January 2019 and will have a substantial impact on the statements of activities thereafter.

Subsequent events have been evaluated through June 14, 2018, which is the date the consolidated financial statements were available to be issued.