



YOUTH FOR CHRIST
INTERNATIONAL MINISTRIES

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2020 and 2019

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, 2020 and 2019, and 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.

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 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, 2020 and 2019, 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
May 4, 2021

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Consolidated Statements of Financial Position

	December 31,	
	2020	2019
ASSETS:		
Cash and cash equivalents	\$ 6,387,916	\$ 4,182,945
Investments	512,939	-
Accounts receivable and other assets	15,000	8,510
Note receivable	149,342	165,935
Property and equipment—net	294,584	290,259
Total Assets	\$ 7,359,781	\$ 4,647,649
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 16,696	\$ 24,794
Accrued expenses and other	39,476	46,214
	<u>56,172</u>	<u>71,008</u>
Net assets:		
Without donor restrictions	1,431,260	1,153,510
With donor restrictions	5,872,349	3,423,131
	<u>7,303,609</u>	<u>4,576,641</u>
Total Liabilities and Net Assets	\$ 7,359,781	\$ 4,647,649

See notes to consolidated financial statements

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Consolidated Statements of Activities

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 2,977,845	\$ 10,341,768	\$ 13,319,613	\$ 1,772,948	\$ 9,820,307	\$ 11,593,255
Investment and other income	67,546	-	67,546	56,179	-	56,179
Total Support and Revenue	3,045,391	10,341,768	13,387,159	1,829,127	9,820,307	11,649,434
NET ASSETS RELEASED FROM:						
Purpose restrictions	7,117,103	(7,117,103)	-	7,400,189	(7,400,189)	-
Administrative assessments	775,447	(775,447)	-	705,565	(705,565)	-
	7,892,550	(7,892,550)	-	8,105,754	(8,105,754)	-
EXPENSES:						
Program services	9,241,113	-	9,241,113	8,304,959	-	8,304,959
Supporting activities:						
General and administrative	878,602	-	878,602	844,756	-	844,756
Fundraising	540,476	-	540,476	551,511	-	551,511
	1,419,078	-	1,419,078	1,396,267	-	1,396,267
Total Expenses	10,660,191	-	10,660,191	9,701,226	-	9,701,226
Change in Net Assets	277,750	2,449,218	2,726,968	233,655	1,714,553	1,948,208
Net Assets, Beginning of Year	1,153,510	3,423,131	4,576,641	919,855	1,708,578	2,628,433
Net Assets, End of Year	\$ 1,431,260	\$ 5,872,349	\$ 7,303,609	\$ 1,153,510	\$ 3,423,131	\$ 4,576,641

See notes to consolidated financial statements

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Consolidated Statements of Functional Expenses

	Year Ended December 31, 2020			
	Program Services	Supporting Activities:		Total
		General and Administrative	Fundraising	
Grants to international affiliates	\$ 5,391,132	\$ -	\$ -	\$ 5,391,132
Salaries and benefits	3,280,284	561,101	474,778	4,316,163
Office and professional services	223,476	255,250	42,354	521,080
Travel and events	276,189	-	-	276,189
Facilities and equipment	56,795	50,485	18,932	126,212
Depreciation	13,237	11,766	4,412	29,415
	\$ 9,241,113	\$ 878,602	\$ 540,476	\$ 10,660,191

	Year Ended December 31, 2019			
	Program Services	Supporting Activities:		Total
		General and Administrative	Fundraising	
Grants to international affiliates	\$ 4,329,997	\$ -	\$ -	\$ 4,329,997
Salaries and benefits	3,140,436	544,342	502,470	4,187,248
Office and professional services	209,633	236,453	24,952	471,038
Travel and events	552,936	-	103	553,039
Facilities and equipment	57,815	51,391	19,272	128,478
Depreciation	14,142	12,570	4,714	31,426
	\$ 8,304,959	\$ 844,756	\$ 551,511	\$ 9,701,226

See notes to consolidated financial statements

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,726,968	\$ 1,948,208
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Recognition of Paycheck Protection Program loan	(425,000)	-
Depreciation	29,415	31,426
Net realized and unrealized gains on investments	(12,939)	-
Change in operating assets and liabilities:		
Accounts receivable and other assets	(6,490)	(7,835)
Accounts payable	(8,098)	8,889
Accrued expenses and other	(6,738)	30,041
Net Cash Provided by Operating Activities	2,297,118	2,010,729
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(500,000)	-
Purchase of property and equipment	(33,740)	(67,825)
Issuance of note receivable	-	(171,889)
Collections on note receivable	16,593	5,954
Net Cash Used by Investing Activities	(517,147)	(233,760)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	425,000	-
Net Cash Provided by Financing Activities	425,000	-
Change in Cash and Cash Equivalents	2,204,971	1,776,969
Cash and Cash Equivalents, Beginning of Year	4,182,945	2,405,976
Cash and Cash Equivalents, End of Year	\$ 6,387,916	\$ 4,182,945
NON-CASH TRANSACTION:		
Recognition of Paycheck Protection Program loan	\$ 425,000	\$ -

See notes to consolidated financial statements

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

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, 2020 and 2019. 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.

Beginning in 2019 YFCI has adopted the missionary sending department, Global Engagement, from Youth for Christ/USA. YFCI now 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, 2020 and 2019, the cash accounts on deposit exceeded federally insured limits by approximately \$5,254,000 and \$3,288,000, respectively. YFCI has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

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, 2020. 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 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, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, continued

YFCI received a Paycheck Protection Program loan during the year ended December 31, 2020 for \$425,000. The loan was eligible for forgiveness based on YFCI incurring various qualifying expenses such as normal payroll and utility costs. Because YFCI has applied and received full forgiveness of the loan as of December 31, 2020, the full amount has been recorded as contributions with donor restrictions on the consolidated statements of activities.

Other income is recorded 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. Program services include activities such as mission support, youth programs, and global evangelism.

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,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 6,387,916	\$ 4,182,945
Investments	512,939	-
Accounts receivable	15,000	-
Note receivable	149,342	165,935
Financial assets, at year-end	<u>7,065,197</u>	<u>4,348,880</u>
Less those unavailable for general expenditure within one year due to:		
Note receivable collectible beyond one year	(132,748)	(149,342)
Net assets with donor restrictions not expected to be used within one year	<u>(1,127,578)</u>	<u>(722,473)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,804,871</u>	<u>\$ 3,477,065</u>

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

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. NOTE RECEIVABLE:

During the year ended December 31, 2019, YFCI entered into a note receivable agreement with Youth For Christ/USA (YFC/USA), a separate legal entity that shares property with YFCI. The note receivable is secured by percentage of property ownership. The receivable is interest free with monthly principal payments of \$1,383. YFC/USA is allowed to draw up to \$500,000, with the unpaid principal due December 2029. As of December 31, 2020 and 2019, the amount owed to YFCI is \$149,342 and \$165,935, respectively, and imputed interest has not been recorded due to immateriality. An allowance for doubtful accounts has not been recorded as of December 31, 2020 and 2019, as management believes the receivable is fully collectible.

Future minimum principal payments to be received from note receivable are:

<u>Year Ending December 31,</u>	
2021	\$ 16,594
2022	16,594
2023	16,594
2024	16,594
2025	16,594
Thereafter	<u>66,372</u>
	<u><u>\$ 149,342</u></u>

5. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	December 31,	
	2020	2019
Land	\$ 24,360	\$ 24,360
Building and improvements	338,523	338,523
Equipment and furnishings	64,096	58,596
Software	140,555	112,314
	<u>567,534</u>	<u>533,793</u>
Less accumulated depreciation and amortization	<u>(272,950)</u>	<u>(243,534)</u>
	<u><u>\$ 294,584</u></u>	<u><u>\$ 290,259</u></u>

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

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,	
	2020	2019
YFCI–Africa Area Office	\$ 85,750	\$ 94,147
YFCI–Europe, Middle East, and North Africa Area Office	79,336	27,489
YFCI–Americas Area Office	42,191	25,309
YFCI–Asia Pacific Area Office	34,370	52,285
	<u>\$ 241,647</u>	<u>\$ 199,230</u>

Separate from the area offices, four 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. During the years ended December 31, 2020 and 2019, \$547,050 and \$621,199 of donor contributions was distributed to these board members' countries, respectively.

YFCI uses donor softwares, in which the companies are owned by the chief executive officer of YFCI. Total payments made to the organizations for software usage for the years ended December 31, 2020 and 2019, were \$28,690 and \$16,526, respectively.

YFCI holds investments with YFCF, which is an affiliate of YFCI in which a member of YFCI management serves on the board of YFCF. As of December 31, 2020 and 2019, YFCI had \$512,939 and \$0 of investments held by YFCF, respectively.

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2020	2019
International program ministries	\$ 3,857,250	\$ 1,777,622
Missionaries and missionary projects	2,015,099	1,645,509
	<u>\$ 5,872,349</u>	<u>\$ 3,423,131</u>

YOUTH FOR CHRIST INTERNATIONAL MINISTRIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

8. RETIREMENT PLAN:

During the years ended December 31, 2020 and 2019, 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, 2020 and 2019 were \$77,791 and \$77,598, respectively.

9. CONCENTRATION:

During the year ended December 31, 2020, there was one donor who contributed a number of one-time gifts for approximately \$2,192,000 to YFCI, which makes up approximately 16% of total support and revenue on the statements of activities. There was no such concentration for the year ended December 31, 2019.

10. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of YFCI for future periods. Management is carefully monitoring the situation.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 4, 2021, which is the date the consolidated financial statements were available to be issued.