



YOUTH FOR CHRIST/USA, INC.
AND AFFILIATE

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2020 and 2019

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, 2020 and 2019, 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 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, 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
January 20, 2021

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Consolidated Statements of Financial Position

	June 30,	
	2020	2019
ASSETS:		
Cash and cash equivalents	\$ 7,766,839	\$ 5,042,961
Investments	573,988	556,853
Accounts and other receivables–net	185,495	288,005
Prepaid expenses and other assets	360,452	338,950
Promises to give	1,106,300	314,150
Investment in Captive Insurance Company	2,898,089	3,024,460
Land, buildings, and equipment–net	1,169,696	1,239,664
 Total Assets	 \$ 14,060,859	 \$ 10,805,043
 LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 109,392	\$ 310,395
Accrued expenses and other liabilities	268,196	253,212
Deferred income	1,185,600	1,657,780
Debt	367,668	-
	1,930,856	2,221,387
 Net assets	 12,130,003	 8,583,656
 Total Liabilities and Net Assets	 \$ 14,060,859	 \$ 10,805,043

See notes to consolidated financial statements

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Consolidated Statements of Activities

	Year Ended June 30,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 6,751,740	\$ 5,125,943	\$ 11,877,683	\$ 2,383,415	\$ 7,019,321	\$ 9,402,736
Insurance premiums from affiliates	1,747,246	-	1,747,246	1,551,260	-	1,551,260
Dues from affiliates	1,532,064	-	1,532,064	1,537,078	-	1,537,078
Event income	1,558,717	-	1,558,717	1,485,259	-	1,485,259
Gain on investment in Captive Insurance Company	123,629	-	123,629	531,035	-	531,035
Program and other revenue	486,448	-	486,448	421,241	-	421,241
Total Support and Revenue	12,199,844	5,125,943	17,325,787	7,909,288	7,019,321	14,928,609
NET ASSETS RELEASED FROM:						
Purpose restrictions	3,823,944	(3,823,944)	-	6,640,639	(6,640,639)	-
Time restrictions	205,850	(205,850)	-	3,079,133	(3,079,133)	-
	4,029,794	(4,029,794)	-	9,719,772	(9,719,772)	-

(continued)

See notes to consolidated financial statements

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Consolidated Statements of Activities (continued)

	Year Ended June 30,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services:						
Chapter services	4,116,764	-	4,116,764	4,167,405	-	4,167,405
Chapter launches	2,957,794	-	2,957,794	6,215,191	-	6,215,191
Field leadership	2,686,550	-	2,686,550	2,761,722	-	2,761,722
Risk management	1,436,262	-	1,436,262	1,363,226	-	1,363,226
	11,197,370	-	11,197,370	14,507,544	-	14,507,544
Supporting activities:						
General and administrative	1,680,601	-	1,680,601	1,973,141	-	1,973,141
Fundraising	901,469	-	901,469	1,154,129	-	1,154,129
	2,582,070	-	2,582,070	3,127,270	-	3,127,270
Total Expenses	13,779,440	-	13,779,440	17,634,814	-	17,634,814
Change in Net Assets	2,450,198	1,096,149	3,546,347	(5,754)	(2,700,451)	(2,706,205)
Net Assets, Beginning of Year	6,886,267	1,697,389	8,583,656	6,892,021	4,397,840	11,289,861
Net Assets, End of Year	\$ 9,336,465	\$ 2,793,538	\$ 12,130,003	\$ 6,886,267	\$ 1,697,389	\$ 8,583,656

See notes to consolidated financial statements

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Consolidated Statements of Functional Expenses

Year Ended June 30, 2020

	Program Services:				Supporting Activities:		Total 2020 Expenses
	Chapter Services	Chapter Launches	Field Leadership	Risk Management	General and Administrative	Fundraising	
Salaries and benefits	\$ 1,703,048	\$ 2,438,097	\$ 2,225,599	\$ 286,976	\$ 1,045,665	\$ 695,207	\$ 8,394,592
Facility rental and food	1,292,271	16,876	15,169	-	8,072	70,838	1,403,226
Movement insurance	171	90	199	1,051,432	93	58	1,052,043
Professional fees	300,930	108,181	173,034	68,189	229,368	7,951	887,653
Facilities and equipment	222,921	82,000	78,177	5,680	238,287	30,262	657,327
Travel	222,823	110,859	181,626	8,193	22,808	33,612	579,921
Office supplies and other	169,407	71,868	8,877	15,341	130,832	61,424	457,749
Grants to others	154,906	122,055	-	-	-	-	276,961
Depreciation and amortization	50,287	7,768	3,869	451	5,476	2,117	69,968
Total 2020 Expenses	\$ 4,116,764	\$ 2,957,794	\$ 2,686,550	\$ 1,436,262	\$ 1,680,601	\$ 901,469	\$ 13,779,440

Year Ended June 30, 2019

	Program Services:				Supporting Activities:		Total 2019 Expenses
	Chapter Services	Chapter Launches	Field Leadership	Risk Management	General and Administrative	Fundraising	
Salaries and benefits	\$ 1,845,121	\$ 3,914,336	\$ 2,259,342	\$ 292,167	\$ 1,147,951	\$ 789,525	\$ 10,248,442
Facility rental and food	1,405,504	12,845	15,235	-	34,046	128,081	1,595,711
Movement insurance	-	-	-	958,898	-	-	958,898
Professional fees	359,359	174,933	139,315	63,995	255,689	12,683	1,005,974
Facilities and equipment	150,335	142,354	65,039	4,369	295,599	20,436	678,132
Travel	215,058	233,779	259,122	12,323	65,674	80,286	866,242
Office supplies and other	107,529	75,710	16,611	18,303	166,292	120,240	504,685
Grants to others	25,485	1,651,994	2,408	12,321	1,131	706	1,694,045
Depreciation and amortization	59,014	9,240	4,650	850	6,759	2,172	82,685
Total 2019 Expenses	\$ 4,167,405	\$ 6,215,191	\$ 2,761,722	\$ 1,363,226	\$ 1,973,141	\$ 1,154,129	\$ 17,634,814

See notes to consolidated financial statements

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,546,347	\$ (2,706,205)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	69,968	82,685
Gain on investment in Captive Insurance Company	(123,629)	(531,035)
Net realized and unrealized investment (gains) losses	(1,833)	5,190
Proceeds from collection of promises to give	205,850	3,079,133
Recognition of promises to give	(998,000)	(1,796,000)
Recognition of Payroll Protection Program income	(1,389,170)	-
Change in operating assets and liabilities:		
Accounts and other receivables–net	102,510	518
Prepaid expenses and other assets	(21,502)	(99,589)
Accounts payable	(201,003)	41,045
Accrued expenses and other liabilities	14,984	37,980
Deferred income	(472,180)	116,706
Net Cash Provided (Used) by Operating Activities	732,342	(1,769,572)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of land, buildings, and equipment	-	(82,869)
Purchases of investments and reinvested interest and dividends	(15,302)	(262,038)
Investment in Captive Insurance Company dividend	250,000	250,000
Proceeds from sale of investments	-	500,000
Net Cash Provided by Investing Activities	234,698	405,093
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Payroll Protection Program loan	1,599,199	-
Proceeds from debt borrowings	171,889	-
Principal payments on debt borrowings	(14,250)	-
Net Cash Provided by Financing Activities	1,756,838	-
Change in Cash and Cash Equivalents	2,723,878	(1,364,479)
Cash and Cash Equivalents, Beginning of Year	5,042,961	6,407,440
Cash and Cash Equivalents, End of Year	\$ 7,766,839	\$ 5,042,961

See notes to consolidated financial statements

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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, 2020 and 2019, the cash accounts that exceeded federally insured limits were approximately \$7,000,000 and \$4,500,000, 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, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consist of pooled investments 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. Investments held in pooled investments are held by a related party organization.

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. Pooled investments were valued using Level 2 inputs as of June 30, 2020 and 2019. The underlying investments 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.

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 expenses as they are incurred.

PROMISES TO GIVE

Unconditional promises to give are recognized as assets and support in the period made. Promises to give are expected to be collected within one year. 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. The capitalization policy is \$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, 2020 and 2019

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,	
	2020	2019
Risk management	\$ 1,180,598	\$ 1,136,418
Camp registration	-	518,209
Other deferred income	5,002	3,153
	<u>\$ 1,185,600</u>	<u>\$ 1,657,780</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.

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.

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, continued

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, 2020 and 2019. The amount of insurance premiums excluded from accounts receivable and deferred revenue as of June 30, 2020 and 2019, is \$108,523 and \$169,359, respectively. Amounts that have been billed to its affiliates for services subsequent to June 30, 2020, and paid by its affiliates as of June 30, 2020, 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 statements 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 and facilities and equipment is allocated based 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 STANDARDS

In 2018, the Financial Accounting Standards Board issued Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. YFC/USA adopted the provisions of this new standard during the year ended June 30, 2020. This new standard provides guidance on determining whether transactions should be accounted for as an exchange transaction or a contribution and whether a contribution should be recorded as conditional or unconditional. Adoption of this standard had an immaterial effect on the consolidated financial statements.

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. YFC/USA adopted the provisions of this new standard during the year ended June 30, 2020. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard had an immaterial effect on the consolidated financial statements.

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 7,766,839	\$ 5,042,961
Accounts and other receivables–net	185,495	288,005
Promises to give	1,106,300	314,150
Investments	573,988	556,853
Financial assets, year-end:	9,632,622	6,201,969
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	(3,083,296)	(2,590,040)
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,530,736	\$ 3,593,339

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. ACCOUNTS AND OTHER RECEIVABLES–NET:

Accounts and other receivables–net consist of:

	June 30,	
	2020	2019
Due from affiliates (located nationwide):		
Charter covenant fees	\$ 107,166	\$ 215,130
Risk management	104,833	84,857
Other	22,909	101,722
	234,908	401,709
Less allowance for doubtful accounts	(49,413)	(113,704)
	\$ 185,495	\$ 288,005

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

5. 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, 2020 and 2019, YFC/USA owns 8.47% and 8.60%, 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.

The investment in SIL was \$2,898,089 and \$3,024,460, as of June 30, 2020 and 2019, respectively. During the years ended June 30, 2020, and 2019, YFC/USA reported its investment in SIL based upon the audited financial statements of SIL for SIL's year ended April 30, 2020 and 2019.

	April 30,	
	2020*	2019*
Total assets	\$ 49,917,645	\$ 50,492,587
Total liabilities	\$ 16,400,106	\$ 16,116,042
Comprehensive income—net of dividends	\$ 1,735,994	\$ 6,286,322

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

6. LAND, BUILDINGS, AND EQUIPMENT—NET:

Land, buildings, and equipment—net consist of:

	June 30,	
	2020	2019
Land	\$ 199,950	\$ 199,950
Buildings and improvements	1,394,959	1,394,959
Software	704,671	704,671
Furniture, fixtures, and equipment	161,292	171,469
	2,460,872	2,471,049
Less accumulated depreciation and amortization	(1,291,176)	(1,231,385)
	\$ 1,169,696	\$ 1,239,664

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

7. DEBT:

Debt consists of:

	June 30,	
	2020	2019
YFC/USA entered into a loan agreement with an affiliated organization with a maximum borrowing amount of \$500,000 to finance deferred maintenance and capital acquisitions. The loan is interest free and matures December 2029.	\$ 157,639	\$ -

Payroll Protection Program loan obtained in April 2020 due to coronavirus pandemic for \$1,599,199. The loan is fully forgivable if YFC/USA meets certain spending and employment thresholds. YFC/USA believes it will meet those thresholds and intends to apply for forgiveness. Any portion not forgiven will be due April 2022 at a fixed interest of 1%. As of June 30, 2020, YFC/USA overcame the required barriers for \$1,389,170 of these funds and recorded them as contributions on the consolidated statements of activities. The barriers on the remaining balance are expected to be met subsequent to year-end.

	210,029	-
	\$ 367,668	\$ -

Future minimum principal payments are:

Year Ending June 30:		
2021	\$	16,594
2022		226,623
2023		16,594
2024		16,594
2025		16,594
Thereafter		74,669
	\$	367,668

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

8. NET ASSETS:

Net assets consist of:

	June 30,	
	2020	2019
Without donor restrictions:		
Operating	\$ 2,185,384	\$ 32,103
Equity in land, buildings, and equipment–net	1,169,696	1,239,664
Board designated for risk management	3,083,296	2,590,040
Equity in investment in captive insurance company	2,898,089	3,024,460
	9,336,465	6,886,267
With donor restrictions:		
Restricted by purpose:		
Affiliates and affiliate projects	882,919	868,727
Other projects	785,729	495,922
Time restricted promises to give	1,106,300	314,150
Restricted in perpetuity	18,590	18,590
	2,793,538	1,697,389
	\$ 12,130,003	\$ 8,583,656

9. 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, 2020 and 2019, were \$129,792 and \$168,701, respectively.

10. RELATED PARTY TRANSACTIONS:

During the years ended June 30, 2020 and 2019, four 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, 2020 and 2019, \$311,431 and \$456,659, respectively, was billed to those affiliates for dues and risk management services. As of June 30, 2020 and 2019, \$23,307 and \$75,812, 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, 2020 and 2019, YFC/USA held \$251,848 and \$250,928 of cash and cash equivalents at this financial institution, respectively.

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

11. RISKS AND UNCERTAINTIES:

During the year ended June 30, 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 YFC/USA for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 20, 2021, which is the date the consolidated financial statements were available to be issued.