

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Consolidated Financial Statements
With Independent Auditor's Report

June 30, 2025 and 2024

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

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CAPINCROUSE
A DIVISION OF Carr, Riggs & Ingram

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2025 and 2024, 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/USA, Inc. and Affiliate as of June 30, 2025 and 2024, and the changes in its net assets and its 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Youth for Christ/USA, Inc. and Affiliate 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, and for 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.

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/USA, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

9155 East Nichols Avenue, Suite 305
Centennial, CO 80112
505.50.CAPIN
capincrouse.com

Auditor's 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 auditor's 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 audit.
- 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 consolidated 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/USA, Inc. and Affiliate'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/USA, Inc. and Affiliate’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 audit.

Capin Crouse LLC

Centennial, Colorado
November 6, 2025

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Consolidated Statements of Financial Position

	June 30, 2025	June 30, 2024
ASSETS:		
Cash and cash equivalents	$ 2,997,020	$ 2,765,065
Accounts and other receivables–net	399,992	274,882
Prepaid expenses and other assets	615,094	514,969
Property held for sale	-	1,167,599
Promises-to-give–net	2,723,096	3,094,536
Investments	6,683,478	4,279,991
Cash held for board designations	1,526,221	967,236
Investments held for quasi-endowment	3,258,610	2,942,616
Investments held for board designations	2,454,828	2,269,307
Investment in Captive Insurance Company	1,409,185	1,771,865
Operating lease–right-of-use asset	976,529	-
Total Assets	$ 23,044,053	$ 20,048,066
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	$ 183,952	$ 396,789
Accrued expenses and other liabilities	196,245	203,593
Performance obligation liabilities	1,664,710	1,524,679
Operating lease obligation	1,029,779	-
Total liabilities:	3,074,686	2,125,061
Net assets:		
Without donor restrictions	14,651,542	13,875,423
With donor restrictions	5,317,825	4,047,582
Total net assets:	19,969,367	17,923,005
Total Liabilities and Net Assets	$ 23,044,053	$ 20,048,066

See notes to consolidated financial statements

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Consolidated Statements of Activities

	Year Ended June 30,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	$ 2,007,510	$ 5,345,789	$ 7,353,299	$ 2,953,063	$ 5,811,163	$ 8,764,226
Insurance premiums from chapters	2,258,578	-	2,258,578	2,118,755	-	2,118,755
Dues from chapters	1,793,095	-	1,793,095	1,707,469	-	1,707,469
Investment income	860,765	663	861,428	740,147	369	740,516
Gain (loss) on investment in Captive Insurance Company	(139,680)	-	(139,680)	129,661	-	129,661
Gain on sale of property held for sale	963,040	-	963,040	-	-	-
Program service revenue	726,487	-	726,487	706,446	-	706,446
Registration and other revenue	274,267	-	274,267	645,934	-	645,934
Total Support and Revenue	8,744,062	5,346,452	14,090,514	9,001,475	5,811,532	14,813,007
NET ASSETS RELEASED FROM:						
Purpose restrictions	3,961,209	(3,961,209)	-	3,840,843	(3,840,843)	-
Time restrictions	115,000	(115,000)	-	807,000	(807,000)	-
	4,076,209	(4,076,209)	-	4,647,843	(4,647,843)	-

(continued)

See notes to consolidated financial statements

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Consolidated Statements of Activities
(continued)

	Year Ended June 30,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services:						
Chapter services	3,643,176	-	3,643,176	4,059,373	-	4,059,373
Field leadership	3,082,639	-	3,082,639	2,784,116	-	2,784,116
Risk management	2,170,306	-	2,170,306	2,325,956	-	2,325,956
Chapter launches	951,578	-	951,578	2,345,642	-	2,345,642
	9,847,699	-	9,847,699	11,515,087	-	11,515,087
Supporting activities:						
General and administrative	1,749,234	-	1,749,234	1,621,684	-	1,621,684
Fundraising	447,219	-	447,219	933,733	-	933,733
	2,196,453	-	2,196,453	2,555,417	-	2,555,417
Total Expenses	12,044,152	-	12,044,152	14,070,504	-	14,070,504
Change in Net Assets	776,119	1,270,243	2,046,362	(421,186)	1,163,689	742,503
Net Assets, Beginning of Year	13,875,423	4,047,582	17,923,005	14,296,609	2,883,893	17,180,502
Net Assets, End of Year	$ 14,651,542	$ 5,317,825	$ 19,969,367	$ 13,875,423	$ 4,047,582	$ 17,923,005

See notes to consolidated financial statements

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses

	Year Ended June 30, 2025								
	Program Services:					Supporting Activities:			
	Chapter Services	Field Leadership	Risk Management	National Chapters	Total Program Services	General and Admin-istrative	Fundraising	Total Supporting Activities	Total Expenses
Salaries and benefits	$ 1,615,356	$ 2,487,569	$ 608,140	$ 857,583	$ 5,568,648	$ 883,040	$ 300,318	$ 1,183,358	$ 6,752,006
Professional fees	1,159,230	221,422	120,468	9,791	1,510,911	433,208	83,677	516,885	2,027,796
Movement insurance	-	-	1,426,562	2,160	1,428,722	-	-	-	1,428,722
Travel	232,254	275,719	7,729	20,405	536,107	46,136	18,059	64,195	600,302
Grants to others	341,342	5,079	-	350	346,771	14,517	-	14,517	361,288
Facility rental and food	224,674	18,599	-	-	243,273	106,643	6,956	113,599	356,872
Facilities and equipment	46,770	59,830	29	-	106,629	195,940	11,418	207,358	313,987
Bad debt and other	23,550	14,421	7,378	61,289	106,638	69,750	26,791	96,541	203,179
Total 2025 Expenses	$ 3,643,176	$ 3,082,639	$ 2,170,306	$ 951,578	$ 9,847,699	$ 1,749,234	$ 447,219	$ 2,196,453	$ 12,044,152

See notes to consolidated financial statements

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses

	Year Ended June 30, 2024								
	Program Services:					Supporting Activities:			
	Chapter Services	Field Leadership	Risk Management	National Chapters	Total Program Services	General and Admin-istrative	Fundraising	Total Supporting Activities	Total Expenses
Salaries and benefits	$ 1,589,201	$ 2,325,772	$ 674,134	$ 2,040,761	$ 6,629,868	$ 1,046,070	$ 396,055	$ 1,442,125	$ 8,071,993
Professional fees	1,080,971	186,223	159,789	69,190	1,496,173	349,834	114,736	464,570	1,960,743
Movement insurance	-	-	1,461,212	2,640	1,463,852	-	-	-	1,463,852
Travel	223,480	199,009	6,642	70,289	499,420	31,840	64,666	96,506	595,926
Grants to others	624,992	25,868	4,000	-	654,860	19,138	-	19,138	673,998
Facility rental and food	479,872	16,738	-	7,898	504,508	23,211	256,979	280,190	784,698
Facilities and equipment	48,407	25,521	2,978	11,730	88,636	117,834	15,028	132,862	221,498
Bad debt and other	12,450	4,985	17,201	143,134	177,770	33,757	86,269	120,026	297,796
Total 2024 Expenses	$ 4,059,373	$ 2,784,116	$ 2,325,956	$ 2,345,642	$ 11,515,087	$ 1,621,684	$ 933,733	$ 2,555,417	$ 14,070,504

See notes to consolidated financial statements

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Consolidated Statements of Cash Flows

	Year Ended June 30, 2025	Year Ended June 30, 2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 2,046,362	$ 742,503
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Gain) loss on investment in Captive Insurance Company	139,680	(129,661)
Gain on sale of property held for sale	(963,040)	-
Net realized and unrealized gains on investments	(225,449)	(217,784)
Non-cash lease expense	53,250	-
Change in operating assets and liabilities:		
Accounts and other receivables–net	(125,110)	355,787
Prepaid expenses and other assets	(100,125)	85,262
Promises-to-give–net	371,440	(2,320,536)
Accounts payable	(212,837)	141,315
Accrued expenses and other liabilities	(7,348)	3,863
Performance obligation liabilities	140,031	(202,765)
Net Cash Provided (Used) by Operating Activities	1,116,854	(1,542,016)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property held for sale	2,130,639	-
Net purchases and sales of investments and reinvested interest and dividends	(2,679,553)	(1,089,924)
Dividend from investment in Captive Insurance Company	223,000	108,000
Net Cash Used by Investing Activities	(325,914)	(981,924)
Change in Cash, Cash Equivalents, and Board Designated Cash	790,940	(2,523,940)
Cash, Cash Equivalents, and Board Designated Cash, Beginning of Year	3,732,301	6,256,241
Cash, Cash Equivalents, and Board Designated Cash, End of Year	$ 4,523,241	$ 3,732,301
CASH, CASH EQUIVALENTS, AND BOARD DESIGNATED CASH CONSISTS OF:		
Cash and cash equivalents	$ 2,997,020	$ 2,765,065
Cash held for board designations	1,526,221	967,236
	$ 4,523,241	$ 3,732,301
NON-CASH TRANSACTION:		
Operating lease-right-of-use asset obtained in exchange for operating lease obligations	$ 1,055,943	$ -

See notes to consolidated financial statements

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 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 has four primary programs:
• Chapter services: Services for chapters, including YFC events, marketing, and technology
• Field leadership: Activities of YFC dedicated to supporting charter chapters, this includes ministry support, training, and professional development
• National Chapters: Strategic nationally ran YFC Ministry sites, including YFC New York City and YFC Military
• Risk management: Function dedicated to insuring and protecting the mission

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. YFC has been classified as an Association of Churches and a publicly 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. Estimates include allocation of functional expenses, depreciation and amortization, allowance for credit losses, imputed rates to discount promises-to-give, fair value of estimates in equity securities, carrying amount of investments accounted for by the equity method, and estimates used in accounting for operating right-of-use assets and lease obligations. 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. As of June 30, 2025 and 2024, the cash accounts, including cash held for board designations, exceeded federally insured limits by approximately $3,947,000 and $3,108,000, respectively.

CASH AND INVESTMENTS HELD FOR BOARD DESIGNATIONS

Cash and investments held for board designations consist of funds designated by the board for risk management and is as follows:

	June 30,	
	2025	2024
Cash held for board designations	$ 1,526,221	$ 967,236
Investments held for board designations	2,454,828	2,269,307
	$ 3,981,049	$ 3,236,543

ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables consist primarily of amounts due from chapters for risk management services and administrative fees. Management's estimate of allowance for credit losses is based upon an analysis of past due accounts, which takes into consideration historical collections, current conditions, and future forecasts. 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. As of June 30, 2025 and 2024, the allowance for credit losses were $202,206 and $130,075, respectively. Accounts and other receivables totaled $399,992, $274,882, and $630,669 for the years ended June 30, 2025, 2024, and 2023, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

Prepaid expenses and other assets also consist of software and equipment. As of June 30, 2025 and 2024, the cost basis was $440,276 and $588,476, respectively. Accumulated depreciation was $433,776 and $588,476 as of June 30, 2025 and 2024, respectively. Software 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 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 of three to five years. The capitalization policy is $4,000. Therefore, fixed asset purchases exceeding that amount are capitalized.

PROPERTY HELD FOR SALE

During the year ended June 30, 2025, property held for sale, which consisted of an office building was sold. A gain on sale of property held for sale was recorded for $963,040.

PROMISES-TO-GIVE

Unconditional promises-to-give are recorded at net realizable value if, at the time the promise is received, management believes that all amounts are fully collectible; therefore, no allowance has been recorded. Promises-to-give not expected to be received in one year or less have been discounted. See additional information regarding promises-to-give in Note 4.

INVESTMENTS

Investments, including investments in quasi-endowments and board designations, consist of mutual funds, exchange traded funds, cash and cash equivalents, pooled investments, and perpetual trusts held by others 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.

PERFORMANCE OBLIGATION LIABILITIES

Performance obligation liabilities consist primarily of risk management services charged to chapters for general liability insurance coverage. Income is recognized over the insurance policy year. Performance obligation liabilities also include registration fees for camps that are scheduled to occur after fiscal year end.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 include those board designated for liability insurance coverage and projects, resources invested in the Captive Insurance Company, and quasi-endowments.

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 been shortened 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.

Insurance premiums from chapters consist of fees for risk management services from its various chapters. This income is recognized in the month in which it is earned. Performance obligation liabilities are recorded for the portion of premiums that have been received but not yet earned as of year-end. Uncollected and unearned insurance premiums that have been excluded from accounts receivable and performance contract liabilities as of June 30, 2025 and 2024 are $378,481 and $231,669, respectively.

Dues from chapters are received from chapters and recognized when earned, which is ratably in the reporting period in which services are provided. Program service revenue is received for providing accounting and other services to chapters and outside entities and is recognized when earned, which is when the services are provided. Registration and other income primarily consists of event income and are recorded when earned, which is when the event or service is provided.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The consolidated statements of functional expenses report certain categories of expenses that are attributable to one or more programs or supporting functions of the YFC/USA. These expenses include depreciation, salaries and benefits, grants to others, facility rental and food, professional fees, travel, facilities and equipment, and office supplies and others. Depreciation, facilities, and equipment are allocated based on estimated use square footage. Costs of other categories were allocated on estimates of time and effort.

3. LIQUIDITY AND AVAILABLITY 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, 2025	June 30, 2024
Financial assets:		
Cash and cash equivalents	$ 2,997,020	$ 2,765,065
Accounts and other receivables–net	399,992	274,882
Promises-to-give–net	2,723,096	3,094,536
Investments	6,683,478	4,279,991
Cash held for board designations	1,526,221	967,236
Investments held for board designations	2,454,828	2,269,307
Investments held for quasi-endowment	3,258,610	2,942,616
Financial assets, year-end:	20,043,245	16,593,633
Less those unavailable for general expenditure within one year, due to:		
Promises-to-give not expected to be received within one year	(2,067,160)	(1,010,000)
Funds restricted by donor in perpetuity	(30,214)	(29,551)
Funds set aside from quasi-endowment	(3,258,610)	(2,942,616)
Funds designated by board for risk management	(3,981,049)	(3,236,543)
Financial assets available to meet cash needs for general expenditures within one year	$ 10,706,212	$ 9,374,923

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. PROMISES-TO-GIVE–NET:

Promises-to-give are expected to be collected as follows:

	June 30, 2025	June 30, 2024
Amounts due in:		
Less than one year	$ 793,340	$ 2,176,000
One to five years	2,067,160	1,010,000
	2,860,500	3,186,000
Less discount	(137,404)	(91,464)
	$ 2,723,096	$ 3,094,536

5. INVESTMENT IN CAPTIVE INSURANCE COMPANY:

YFC/USA is a part owner of a captive insurance company, Stewardship Insurance, Ltd. (SIL), which insures and reinsures some of YFC/USA's own risk. SIL is organized as an offshore entity, domiciled in Bermuda. SIL has a subsidiary, Stewardship Reinsurance Ltd., which operates as a reinsurance subsidiary. SIL's board of directors includes a representative from each of the nine owners. SIL derives its funds from the owners' premiums, interest earned on premium and claim reserves, and captured underwriting profit, as well as from the initial start-up capital (on the initial purchase of shares by the owners). SIL allocates premiums and losses on an entity-specific basis. SIL reinsures the insurance carrier for YFC/USA's own risk for workers' compensation, general liability, sexual misconduct, and automobile liability and physical damages. The investment in SIL is included in investments in the consolidated statement of financial position. As of June 30, 2025 and 2024, YFC/USA owns 4.45% and 6.15%, respectively, of SIL. This investment is a related party due to management of YFC/USA sitting on the board of directors 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 $1,409,185 and $1,771,865, as of June 30, 2025 and 2024, respectively. During the years ended June 30, 2025 and 2024, YFC/USA reported its investment in SIL based upon the audited financial statements of SIL for SIL's years ended April 30, 2025 and 2024.

5. INVESTMENT IN CAPTIVE INSURANCE COMPANY, continued:

	April 30, 2025*	April 30, 2024*
Total assets	$ 60,120,511	$ 58,663,860
Total liabilities	$ 31,858,734	$ 29,873,425
Comprehensive income–net of dividends	$ 2,411,535	$ 34,135

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

6. OPERATING LEASES–RIGHT-OF-USE ASSET AND OBLIGATION:

During the year ended June 30, 2025, YFC/USA entered into a noncancelable operating lease agreement to lease office space expiring February 2034. The discount rate represents the risk-free rate using a period comparable with that of the individual lease term as of adoption date. Monthly payments vary over the lease term and range from $11,000 to $13,000.

	June 30, 2025	June 30, 2024
Operating lease right-of-use assets	$ 976,529	$ -
Operating lease obligations	$ 1,029,779	$ -
Operating lease costs	$ 118,250	$ -
Discount rate	3.99%	-
Remaining lease term	9.08 years	-

6. OPERATING LEASES–RIGHT-OF-USE ASSET AND OBLIGATION, continued:

Future minimum lease payments required under the operating lease that has an initial or remaining non-cancelable lease term in excess of one year are as follows:

Year Ending June 30,	
2026	$ 156,000
2027	134,000
2028	132,000
2029	132,000
2030	132,000
Thereafter	539,000
	1,225,000
Less imputed interest	(195,221)
	$ 1,029,779

7. PERFORMANCE OBLIGATION LIABILITIES:

Performance obligation liabilities consist of:

	June 30, 2025	June 30, 2024
Risk management	$ 1,595,098	$ 1,455,684
Events and other	69,612	68,995
	$ 1,664,710	$ 1,524,679

	June 30, 2025	June 30, 2024
Performance obligation liabilities, beginning of the year	$ 1,524,679	$ 1,727,444
Revenue recognized included in beginning balance	(1,524,679)	(1,727,444)
Cash received in advance of class performance	1,664,710	1,524,679
Performance obligation liabilities, end of the year	$ 1,664,710	$ 1,524,679

8. NET ASSETS:

Net assets consist of:

	June 30, 2025	June 30, 2024
Without donor restrictions:		
Operating	$ 6,002,698	$ 4,756,800
Equity in property held for sale, software, and equipment–net	-	1,167,599
Board designated for risk management	3,981,049	3,236,543
Board designated quasi-endowment	3,258,610	2,942,616
Equity in investment in captive insurance company	1,409,185	1,771,865
	14,651,542	13,875,423
With donor restrictions:		
Restricted by purpose:		
National Chapters	198,198	354,272
Various projects (includes purpose restricted promises-to-give)	4,468,817	2,450,223
Time restricted promises-to-give	620,596	1,213,536
Restricted in perpetuity	30,214	29,551
	5,317,825	4,047,582
	$ 19,969,367	$ 17,923,005

9. ENDOWMENT NET ASSETS:

Endowment net assets consist of:

	June 30, 2025:		
	Without Donor Restrictions	With Donor Restrictions, in Perpetuity	Total
Perpetual trust held by others	$ -	$ 30,214	$ 30,214
Quasi-endowment	3,258,610	-	3,258,610
	$ 3,258,610	$ 30,214	$ 3,288,824

	June 30, 2024:		
	Without Donor Restrictions	With Donor Restrictions, in Perpetuity	Total
Perpetual trust held by others	$ -	$ 29,551	$ 29,551
Quasi-endowment	2,942,616	-	2,942,616
	$ 2,942,616	$ 29,551	$ 2,972,167

Changes in endowment net assets:

	Year Ended June 30, 2025:		
	Without Donor Restrictions	With Donor Restrictions, in Perpetuity	Total
Endowment net assets, beginning of year	$ 2,942,616	$ 29,551	$ 2,972,167
Purchases	20,661	-	20,661
Investment income	295,333	663	295,996
Endowment net assets, end of year	$ 3,258,610	$ 30,214	$ 3,288,824

9. ENDOWMENT NET ASSETS, continued:

Changes in endowment net assets:

	Year Ended June 30, 2024:		
	Without Donor Restrictions	With Donor Restrictions, in Perpetuity	Total
Endowment net assets, beginning of year	$ 2,549,343	$ 29,182	$ 2,578,525
Transfers	123,924	-	123,924
Investment income	269,349	369	269,718
Endowment net assets, end of year	$ 2,942,616	$ 29,551	$ 2,972,167

During the year ended June 30, 2022, the board created a quasi-endowment to be held in perpetuity to invest organizational surpluses into sustainable operations. Management has been approved to take a maximum six percent withdrawal from the quasi-endowment each fiscal year to fund operations.

10. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

Investments consist of:

	June 30,	
	2025	2024
Investments	$ 6,683,478	$ 4,279,991
Investments held for quasi-endowment	3,258,610	2,942,616
Investments held for board designations	2,454,828	2,269,307
	$ 12,396,916	$ 9,491,914

YFC/USA uses appropriate valuation techniques to determine fair value based on inputs available. Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

10. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

There are three levels of inputs that may be used to measure fair values, continued:

Level 2: Significant other observable inputs other than Level 1 prices, such as: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar asses or liabilities in inactive markets; inputs, other than quoted process, that are observable or can be corroborated by observable market data.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table presents the fair value measurements of assets on a recurring basis as of June 30, 2025 and 2024:

		Fair Value Measurements Using:		
	Fair Value	Level 1	Level 2	Level 3
June 30, 2025:				
Investments:				
Money market funds	$ 965,005	$ 965,005	$ -	$ -
Exchange traded funds:				
Equity	3,200,477	3,200,477	-	-
Fixed income	2,553,512	2,553,512	-	-
Mutual funds:				
Equity	2,263,611	2,263,611	-	-
Fixed income	3,140,683	3,140,683	-	-
Perpetual trusts held by others	30,214	-	-	30,214
	12,153,502	$ 12,123,288	$ -	$ 30,214
Reconciling investments held at cost				
Cash and cash equivalents	243,414			
	$ 12,396,916			

10. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

The following table presents the fair value measurements of assets on a recurring basis as of June 30, 2025 and 2024, continued:

		Fair Value Measurements Using:		
	Fair Value	Level 1	Level 2	Level 3
June 30, 2024:				
Investments:				
Money market funds	$ 900,518	$ 900,551	$ -	$ -
Exchange traded funds:				
Equity	2,558,909	2,558,909	-	-
Fixed income	2,118,680	2118680	-	-
Mutual funds:				
Equity	2,020,755	2,020,755	-	-
Fixed income	1,700,144	1,700,144	-	-
Perpetual trusts held by others	29,551	-	-	29,551
	9,328,557	$ 9,299,039	$ -	$ 29,551
Reconciling investments held at cost				
Cash and cash equivalents	163,357			
	$ 9,491,914			

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Valuation techniques: Fair value for mutual funds, exchange traded funds, and money markets is based on quoted prices in active markets. Perpetual trusts held by others are based on values of the underlying assets and other unobservable inputs held by a third party. There were no changes in fair value levels during the year ended June 30, 2025.

11. RETIREMENT PLAN:

YFC/USA participates in a Tax Sheltered Annuity Plan (the Plan) in compliance with Section 403(b) of the Code. Employees are eligible to participate immediately upon hire and receive an employer match of up to 3%. Employer contributions to the Plan for the years ended June 30, 2025 and 2024 were $156,930 and $174,976, respectively.

12. RELATED PARTY TRANSACTIONS:

During the years ended June 30, 2025 and 2024, four and three of the one hundred forty executive directors of YFC/USA chapters were also board members of YFC/USA, respectively. These members are selected by YFC regions to represent the interests of all chapters. During the years ended June 30, 2025 and 2024, $314,589 and $229,565, respectively, were billed to those chapters for dues and risk management services. As of June 30, 2025 and 2024, $99,654 and $37,289, respectively, was due to YFC/USA from these chapters.

Several members of YFC/USA's board are also on the board of YFC Foundation where YFC/USA holds investments. As of June 30, 2025 and 2024, YFC/USA held $12,366,702 and $9,462,363 of investments with this related party, respectively. During the years ended June 30, 2025 and 2024, the YFC Foundation donated $578,884 and $584,671 to YFC/USA, respectively.

Finally, members of the board of directors donated, including promises-to-give, approximately $1,065,000 and $1,222,000 to YFC/USA during the years ended June 30, 2025 and 2024, respectively.

13. SUBSEQUENT EVENTS:

Management evaluated all events or transactions that occurred after June 30, 2025 through November 6, 2025, the date YFC/USA’s financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.