



**YOUTH FOR CHRIST/USA, INC.
AND AFFILIATE**

**Consolidated Financial Statements
With Independent Auditors' Report**

June 30, 2024 and 2023

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

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, 2024 and 2023, 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, 2024 and 2023, 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 *Auditors' 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.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the 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 LLP

Centennial, Colorado
December 5, 2024

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Consolidated Statements of Financial Position

	June 30,	
	2024	2023
ASSETS:		
Cash and cash equivalents	\$ 2,765,065	\$ 5,470,213
Cash held for board designations	967,236	786,028
Accounts and other receivables–net	274,882	630,669
Prepaid expenses and other assets	514,969	578,208
Property held for sale	1,167,599	1,167,599
Promises-to-give–net	3,094,536	774,000
Investments	4,279,991	3,555,195
Investments held for quasi-endowment	2,942,616	2,549,343
Investments held for board designations	2,269,307	2,079,668
Investment in Captive Insurance Company	1,771,865	1,750,204
Software and equipment–net	-	22,023
	<u>\$ 20,048,066</u>	<u>\$ 19,363,150</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 396,789	\$ 255,474
Accrued expenses and other liabilities	203,593	199,730
Deferred income	1,524,679	1,727,444
Total liabilities:	<u>2,125,061</u>	<u>2,182,648</u>
Net assets:		
Without donor restrictions	13,875,423	14,296,609
With donor restrictions	4,047,582	2,883,893
Total net assets:	<u>17,923,005</u>	<u>17,180,502</u>
Total Liabilities and Net Assets	<u>\$ 20,048,066</u>	<u>\$ 19,363,150</u>

See notes to consolidated financial statements

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Consolidated Statements of Activities

	Year Ended June 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 2,953,063	\$ 5,811,163	\$ 8,764,226	\$ 5,661,637	\$ 4,645,799	\$ 10,307,436
Insurance premiums from chapters	2,118,755	-	2,118,755	1,963,876	-	1,963,876
Dues from chapters	1,707,469	-	1,707,469	1,517,441	-	1,517,441
Investment income	740,147	369	740,516	391,806	625	392,431
Event income	521,304	-	521,304	628,501	-	628,501
Gain on investment in						
Captive Insurance Company	129,661	-	129,661	168,121	-	168,121
Program and other revenue	831,076	-	831,076	825,465	-	825,465
Total Support and Revenue	9,001,475	5,811,532	14,813,007	11,156,847	4,646,424	15,803,271
NET ASSETS RELEASED FROM:						
Purpose restrictions	3,840,843	(3,840,843)	-	3,627,853	(3,627,853)	-
Time restrictions	807,000	(807,000)	-	610,000	(610,000)	-
	4,647,843	(4,647,843)	-	4,237,853	(4,237,853)	-

(continued)

See notes to consolidated financial statements

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Consolidated Statements of Activities (continued)

	Year Ended June 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services:						
Chapter services	4,059,373	-	4,059,373	3,223,980	-	3,223,980
Field leadership	2,784,116	-	2,784,116	3,164,498	-	3,164,498
Chapter launches	2,345,642	-	2,345,642	2,760,322	-	2,760,322
Risk management	2,325,956	-	2,325,956	2,241,347	-	2,241,347
	11,515,087	-	11,515,087	11,390,147	-	11,390,147
Supporting activities:						
General and administrative	1,621,684	-	1,621,684	1,532,375	-	1,532,375
Fundraising	933,733	-	933,733	837,377	-	837,377
	2,555,417	-	2,555,417	2,369,752	-	2,369,752
Total Expenses	14,070,504	-	14,070,504	13,759,899	-	13,759,899
Change in Net Assets	(421,186)	1,163,689	742,503	1,634,801	408,571	2,043,372
Net Assets, Beginning of Year	14,296,609	2,883,893	17,180,502	12,661,808	2,475,322	15,137,130
Net Assets, End of Year	\$ 13,875,423	\$ 4,047,582	\$ 17,923,005	\$ 14,296,609	\$ 2,883,893	\$ 17,180,502

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	Chapter Launches	Risk Management	Total Program Services	General and Admin- istrative	Fundraising	Total Supporting Activities	Total Expenses
Salaries and benefits	\$ 1,589,201	\$ 2,325,772	\$ 2,040,761	\$ 674,134	\$ 6,629,868	\$ 1,046,070	\$ 396,055	\$ 1,442,125	\$ 8,071,993
Professional fees	1,080,971	186,223	69,190	159,789	1,496,173	349,834	114,736	464,570	1,960,743
Movement insurance	-	-	2,640	1,461,212	1,463,852	-	-	-	1,463,852
Facility rental and food	479,872	16,738	7,898	-	504,508	23,211	256,979	280,190	784,698
Grants to others	624,992	25,868	-	4,000	654,860	19,138	-	19,138	673,998
Travel	223,480	199,009	70,289	6,642	499,420	31,840	64,666	96,506	595,926
Office supplies and other	12,450	4,985	143,134	17,201	177,770	33,757	86,269	120,026	297,796
Facilities and equipment	34,653	23,895	8,467	2,788	69,803	115,533	14,139	129,672	199,475
Depreciation and amortization	13,754	1,626	3,263	190	18,833	2,301	889	3,190	22,023
Total 2024 Expenses	\$ 4,059,373	\$ 2,784,116	\$ 2,345,642	\$ 2,325,956	\$ 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 Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services:				Supporting Activities:				Total Expenses
	Chapter Services	Field Leadership	Chapter Launches	Risk Management	Total Program Services	General and Administrative	Fundraising	Total Supporting Activities	
Salaries and benefits	\$ 1,389,778	\$ 2,194,214	\$ 2,425,153	\$ 693,338	\$ 6,702,483	\$ 943,825	\$ 546,163	\$ 1,489,988	\$ 8,192,471
Professional fees	503,026	162,004	4,928	57,372	727,330	311,900	124,833	436,733	1,164,063
Movement insurance	-	-	-	1,461,642	1,461,642	15,436	-	15,436	1,477,078
Facility rental and food	414,485	524,856	31,737	-	971,078	2,198	47,918	50,116	1,021,194
Grants to others	299,931	-	101	-	300,032	-	-	-	300,032
Travel	60,495	122,917	60,234	-	243,646	49,348	-	49,348	292,994
Office supplies and other	60,454	133,412	220,489	25,398	439,753	32,754	92,937	125,691	565,444
Facilities and equipment	476,432	25,604	14,687	3,423	520,146	174,804	24,714	199,518	719,664
Depreciation and amortization	19,379	1,491	2,993	174	24,037	2,110	812	2,922	26,959
Total 2023 Expenses	\$ 3,223,980	\$ 3,164,498	\$ 2,760,322	\$ 2,241,347	\$ 11,390,147	\$ 1,532,375	\$ 837,377	\$ 2,369,752	\$ 13,759,899

See notes to consolidated financial statements

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 742,503	\$ 2,043,372
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	22,023	26,959
Gain on investment in Captive Insurance Company	(129,661)	(168,121)
Net realized and unrealized gains on investments	(217,784)	(86,644)
Write off of promises-to-give	-	60,000
Change in operating assets and liabilities:		
Accounts and other receivables–net	355,787	(182,888)
Employee Retention Credit receivable	-	659,728
Prepaid expenses and other assets	63,239	(32,619)
Promises-to-give–net	(2,320,536)	(161,000)
Accounts payable	141,315	(93,184)
Accrued expenses and other liabilities	3,863	(45,860)
Deferred income	(202,765)	(70,191)
Net Cash Provided (Used) by Operating Activities	(1,542,016)	1,949,552
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property held for sale	-	(115,441)
Purchases of investments and reinvested interest and dividends	(1,089,924)	(6,408,300)
Dividend from investment in Captive Insurance Company	108,000	100,000
Proceeds from sale of investments	-	158,900
Net Cash Used by Investing Activities	(981,924)	(6,264,841)
Change in Cash, Cash Equivalents, and Board Designated Cash	(2,523,940)	(4,315,289)
Cash, Cash Equivalents, and Board Designated Cash, Beginning of Year	6,256,241	10,571,530
Cash, Cash Equivalents, and Board Designated Cash, End of Year	\$ 3,732,301	\$ 6,256,241
CASH, CASH EQUIVALENTS, AND BOARD DESIGNATED CASH CONSISTS OF:		
Cash and cash equivalents	\$ 2,765,065	\$ 5,470,213
Cash held for board designations	967,236	786,028
	\$ 3,732,301	\$ 6,256,241
NON-CASH TRANSACTION:		
Transfer of land, buildings, and equipment to property held for sale	\$ -	\$ 1,052,158

See notes to consolidated financial statements

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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 Camp, marketing, and technology
- Field leadership: Activities of YFC dedicated to supporting charter chapters, this includes ministry support, training, and professional development
- Chapter launches: Supporting local YFC chapter startups that are in incubation to become chartered chapters
- 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. 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.

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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, 2024 and 2023, the cash accounts, including cash held for board designations, exceeded federally insured limits by approximately \$3,108,000 and \$5,288,000, respectively.

CASH AND INVESTMENTS HELD FOR BOARD DESIGNATIONS

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

	June 30,	
	2024	2023
Cash held for board designations	\$ 967,236	\$ 786,028
Investments held for board designations	<u>2,269,307</u>	<u>2,079,668</u>
	<u>\$ 3,236,543</u>	<u>\$ 2,865,696</u>

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, 2024 and 2023, the allowance for credit losses were \$130,075 and \$102,100, respectively. See the Recently Adopted Accounting Disclosure below.

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.

PROPERTY HELD FOR SALE

Property held for sale consists of an office building. Property held for sale is recorded at the lower of cost or estimated fair value, less selling costs. The property sold for \$2,700,000 subsequent to the year ended June 30, 2024.

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

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 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 75 years. The capitalization policy is \$4,000. Therefore, fixed asset purchases exceeding that amount are capitalized.

DEFERRED INCOME

Deferred income consists primarily of risk management services charged to chapters 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,	
	2024	2023
Risk management	\$ 1,455,684	\$ 1,453,049
Events and other	68,995	274,395
	<u>\$ 1,524,679</u>	<u>\$ 1,727,444</u>

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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 includes those resources 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.

YFC/USA receives fees for risk management services from its chapters. This income is recognized in the month in which it is earned. Uncollected and unearned insurance premiums that have been excluded from accounts receivable and deferred revenue as of June 30, 2024 and 2023 is \$231,669 and \$93,406, respectively.

Dues from chapters and administrative fees are received from chapters 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 are recorded when earned.

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES

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.

RECENTLY ADOPTED ACCOUNTING STANDARD

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by YFC/USA that are subject to the guidance in FASB ASC 326 are accounts receivable. YFC/USA adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

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,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 2,765,065	\$ 5,470,213
Cash held for board designations	967,236	786,028
Accounts and other receivables–net	274,882	630,669
Promises-to-give–net	3,094,536	774,000
Investments	4,279,991	3,555,195
Investments held for board designations	2,269,307	2,079,668
Investments held for quasi-endowment	2,942,616	2,549,343
Financial assets, year-end:	16,593,633	15,845,116
Less those unavailable for general expenditure within one year, due to:		
Promises-to-give not expected to be received within one year	(1,010,000)	-
Funds restricted by donor in perpetuity	(29,551)	(29,182)
Funds set aside from quasi-endowment	(2,942,616)	(2,549,343)
Funds designated by board for risk management	(3,236,543)	(2,865,696)
Financial assets available to meet cash needs for general expenditures within one year	\$ 9,374,923	\$ 10,400,895

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.

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

4. PROMISES-TO-GIVE-NET:

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

	June 30,	
	2024	2023
Amounts due in:		
Less than one year	\$ 2,176,000	\$ 774,000
One to five years	1,010,000	-
	<u>3,186,000</u>	<u>774,000</u>
Less discount	(91,464)	-
	<u>\$ 3,094,536</u>	<u>\$ 774,000</u>

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, 2024 and 2023, YFC/USA owns 6.15% and 5.32%, 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.

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

5. INVESTMENT IN CAPTIVE INSURANCE COMPANY continued:

The investment in SIL was \$1,771,865 and \$1,750,204, as of June 30, 2024 and 2023, respectively. During the years ended June 30, 2024 and 2023, YFC/USA reported its investment in SIL based upon the audited financial statements of SIL for SIL's years ended April 30, 2024 and 2023.

	April 30,	
	2024*	2023*
Total assets	\$ 58,663,860	\$ 61,452,706
Total liabilities	\$ 29,873,425	\$ 18,117,825
Comprehensive income (loss)–net of dividends	\$ 34,135	\$ (507,051)

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

6. SOFTWARE AND EQUIPMENT–NET:

Software and equipment–net consist of:

	June 30,	
	2024	2023
Software	\$ 440,276	\$ 440,276
Furniture, fixtures, and equipment	148,200	155,760
	588,476	596,036
Less accumulated depreciation and amortization	(588,476)	(574,013)
	\$ -	\$ 22,023

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

7. NET ASSETS:

Net assets consist of:

	June 30,	
	2024	2023
Without donor restrictions:		
Operating	\$ 4,756,800	\$ 5,941,744
Equity in property held for sale, software, and equipment—net	1,167,599	1,189,622
Board designated for risk management	3,236,543	2,865,696
Board designated quasi-endowment	2,942,616	2,549,343
Equity in investment in captive insurance company	1,771,865	1,750,204
	13,875,423	14,296,609
With donor restrictions:		
Restricted by purpose:		
Chapter launches	354,272	907,693
Other projects	2,450,223	1,884,018
Time restricted promises-to-give	1,213,536	63,000
Restricted in perpetuity	29,551	29,182
	4,047,582	2,883,893
	\$ 17,923,005	\$ 17,180,502

8. ENDOWMENT NET ASSETS:

Endowment net assets consist of:

	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

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

8. ENDOWMENT NET ASSETS, continued:

Endowment net assets consist of, continued:

	June 30, 2023:		
	Without Donor Restrictions	With Donor Restrictions, in Perpetuity	Total
Perpetual trust held by others	\$ -	\$ 29,182	\$ 29,182
Quasi-endowment	2,549,343	-	2,549,343
	\$ 2,549,343	\$ 29,182	\$ 2,578,525

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

	Year Ended June 30, 2023:		
	Without Donor Restrictions	With Donor Restrictions, in Perpetuity	Total
Endowment net assets, beginning of year	\$ 1,285,735	\$ 28,557	\$ 1,314,292
Transfers	1,290,663	-	1,290,663
Investment income	131,845	625	132,470
Appropriation for expenditure	(158,900)	-	(158,900)
Endowment net assets, end of year	\$ 2,549,343	\$ 29,182	\$ 2,578,525

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

8. ENDOWMENT NET ASSETS, continued:

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 withdraw from the quasi-endowment each fiscal year to fund operations.

9. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

Investments consist of:

	June 30,	
	2024	2023
Investments	\$ 4,279,991	\$ 3,555,195
Investments held for quasi-endowment	2,942,616	2,549,343
Investments held for board designations	2,269,307	2,079,668
	<u>\$ 9,491,914</u>	<u>\$ 8,184,206</u>

YFC/USA uses appropriate valuation techniques to determine fair value based on inputs available. When possible, YFC/USA measures fair value using Level 1 inputs on the hierarchy presented in the Fair Value Measurements Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) because they generally provide the most reliable evidence of fair value.

Assets and liabilities measured on a recurring basis and reported at fair value are classified and disclosed in one of the following categories:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and the fair value is determined through the use of models or other valuation methodologies.

Level 3: Pricing inputs are unobservable for investments and include situations where there is little, if any, market activity for the investments.

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

9. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

The following table presents the fair value measurements of assets on a recurring basis as of June 30, 2024 and 2023:

	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2024:				
Investments:				
Money market funds	\$ 900,518	\$ 900,551	\$ -	\$ -
Fixed income exchange traded funds	4,677,589	4,677,589	-	-
Mutual funds:				
Fixed income	1,700,144	1,700,144	-	-
Equity	2,020,755	2,020,755	-	-
Perpetual trusts held by others	<u>29,551</u>	<u>-</u>	<u>-</u>	<u>29,551</u>
	9,328,557	<u>\$ 9,299,039</u>	<u>\$ -</u>	<u>\$ 29,551</u>
Reconciling investments held at cost				
Cash and cash equivalents	<u>163,357</u>			
	<u>\$ 9,491,914</u>			

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

9. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

The following table presents the fair value measurements of assets on a recurring basis as of June 30, 2024 and 2023, continued:

	Fair Value	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
June 30, 2023:				
Investments:				
Money market funds	\$ 777,758	\$ 781,341	\$ -	\$ -
Fixed income exchange traded funds	3,583,316	3,583,316	-	-
Mutual funds:				
Fixed income	1,482,448	1,482,448	-	-
Equity	2,177,334	2,177,334	-	-
Perpetual trusts held by others	29,182	-	-	29,182
	8,050,038	\$ 8,024,439	\$ -	\$ 29,182
Reconciling investments held at cost				
Cash and cash equivalents	134,168			
	\$ 8,184,206			

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.

10. 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 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, 2024 and 2023, were \$174,976 and \$178,783, respectively.

11. RELATED PARTY TRANSACTIONS:

During the years ended June 30, 2024 and 2023, 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, 2024 and 2023, \$229,565 and \$239,709, respectively, was billed to those chapters for dues and risk management services. As of June 30, 2024 and 2023, \$37,289 and \$180, respectively, was due to YFC/USA from these chapters.

YOUTH FOR CHRIST/USA, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

11 RELATED PARTY TRANSACTIONS, continued:

Several members of YFC/USA's board are also on the board of YFC Foundation where YFC/USA holds investments. As of June 30, 2024 and 2023, YFC/USA held \$9,462,363 and \$8,155,025 of investments with this related party, respectively. During the years ended June 30, 2024 and 2023, the YFC Foundation donated \$584,671 and \$671,739 to YFC/USA, respectively.

Finally, members of the board of directors donated, including promises-to-give, approximately \$1,222,000 and \$1,196,000 to YFC/USA during the years ended June 30, 2024 and 2023, respectively.

12. SUBSEQUENT EVENTS:

Subsequent to the year ended June 30, 2024, YFC/USA sold their office building for \$2,700,000.

Subsequent events have been evaluated through December 5, 2024, which is the date the consolidated financial statements were available to be issued.