

Christ in Youth, Inc.
Joplin, Missouri

Financial Statements and
Independent Auditor's Report
For the years ended
December 31, 2018 and 2017



BAKER | DAVIS | RODERIQUE

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Independent Auditor's Report

Board of Trustees
Christ In Youth, Inc.
Joplin, Missouri

We have audited the accompanying financial statements of Christ In Youth, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christ In Youth, Inc. as of December 31, 2018 and 2017, 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.

A handwritten signature in cursive script that reads "Baker Davis Roderique".
Baker Davis Roderique
December 12, 2019

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**Christ in Youth, Inc.
Joplin, Missouri**

**Statements of Financial Position
December 31, 2018 and 2017**

Assets

	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 1,153,589	\$ 1,121,279
Accounts receivable, net of allowance for doubtful accounts of \$60,000 in 2018 and \$53,000 in 2017.	205,687	125,255
Unconditional promises to give net of allowance for doubtful accounts of \$211,000 in 2018 and \$145,000 in 2017.	1,078,393	680,621
Travel advances	2,786	3,057
Prepaid program expenses	326,569	336,408
Inventory	63,684	80,526
Total current assets	<u>2,830,708</u>	<u>2,347,146</u>
Property and equipment, at cost:		
Land	386,627	386,627
Building	2,400,951	2,398,509
Equipment	4,647,203	3,722,891
Furniture and fixtures	173,366	164,081
Vehicles	360,917	302,460
Construction in progress	19,264	355,556
	<u>7,988,328</u>	<u>7,330,124</u>
Less accumulated depreciation	<u>(4,546,822)</u>	<u>(3,971,433)</u>
	<u>3,441,506</u>	<u>3,358,691</u>
Other assets:		
Investment held for long-term purposes	37,178	32,678
Long-term unconditional promises to give net of allowance for doubtful accounts of \$17,000 in 2017	--	250,353
	<u>37,178</u>	<u>283,031</u>
Total assets	<u>\$ 6,309,392</u>	<u>\$ 5,988,868</u>

Liabilities and Net Assets

Current liabilities:		
Line of credit	\$ 450,000	\$ 233,630
Accounts payable	174,287	173,543
Accrued expenses	149,821	134,014
Current maturities of long-term notes payable	96,304	35,218
Deferred revenue	1,769,849	1,727,964
Total current liabilities	<u>2,640,261</u>	<u>2,304,369</u>
Long-Term Liabilities		
Notes Payable	<u>1,459,073</u>	<u>1,265,855</u>
Net assets:		
Assets without donor restrictions	1,728,822	1,827,559
Assets with donor restrictions	481,236	591,085
Total net assets	<u>2,210,058</u>	<u>2,418,644</u>
Total liabilities and net assets	<u>\$ 6,309,392</u>	<u>\$ 5,988,868</u>

Christ in Youth, Inc.
Joplin, Missouri

Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Public support	\$ 1,386,317	\$ 299,966	\$ 1,686,283
Program revenue	17,680,120	--	17,680,120
Program offerings	143,549	--	143,549
Sale of resources	1,391,530	--	1,391,530
Investment return	10,281	--	10,281
Other	21,888	--	21,888
Support provided by expiring time and purpose restrictions	409,815	(409,815)	--
Total revenues and other support	<u>21,043,500</u>	<u>(109,849)</u>	<u>20,933,651</u>
Expenses			
Programs:			
Move	10,941,462	--	10,941,462
Believe	1,420,002	--	1,420,002
SuperStart	973,109	--	973,109
Mix	3,699,514	--	3,699,514
Wilderness	29,023	--	29,023
Engage	959,410	--	959,410
International conference	407,966	--	407,966
Resources	456,121	--	456,121
Fundraising	1,160,253	--	1,160,253
Administration	1,095,377	--	1,095,377
Total expenses	<u>21,142,237</u>	<u>--</u>	<u>21,142,237</u>
Change in net assets	(98,737)	(109,849)	(208,586)
Net assets, beginning of year	<u>1,827,559</u>	<u>591,085</u>	<u>2,418,644</u>
Net assets, end of year	<u><u>\$ 1,728,822</u></u>	<u><u>\$ 481,236</u></u>	<u><u>\$ 2,210,058</u></u>

Christ in Youth, Inc.
Joplin, Missouri

Statement of Activities
For the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Public support	\$ 1,349,478	\$ 391,518	\$ 1,740,996
Program revenue	15,715,138	--	15,715,138
Program offerings	164,461	--	164,461
Sale of resources	1,255,145	--	1,255,145
Investment return	1,534	--	1,534
Other	24,062	--	24,062
Support provided by expiring time and purpose restrictions	290,821	(290,821)	--
Total revenues and other support	<u>18,800,639</u>	<u>100,697</u>	<u>18,901,336</u>
Expenses			
Programs:			
Move	9,221,797	--	9,221,797
Believe	1,272,264	--	1,272,264
SuperStart	833,125	--	833,125
Mix	3,175,963	--	3,175,963
Wilderness	33,967	--	33,967
Engage	1,315,988	--	1,315,988
International conference	282,698	--	282,698
Resources	783,690	--	783,690
Fundraising	784,415	--	784,415
Administration	939,173	--	939,173
Total expenses	<u>18,643,080</u>	<u>--</u>	<u>18,643,080</u>
Change in net assets	157,559	100,697	258,256
Net assets, beginning of year	<u>1,670,000</u>	<u>490,388</u>	<u>2,160,388</u>
Net assets, end of year	<u>\$ 1,827,559</u>	<u>\$ 591,085</u>	<u>\$ 2,418,644</u>

Christ in Youth, Inc.
Joplin, Missouri

Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program	Administration	Fundraising	Total
Salaries and wages	\$ 3,264,559	\$ 452,520	\$ 269,755	\$ 3,986,834
Pension plan	84,333	22,773	7,080	114,186
Employee benefits	483,063	95,499	37,453	616,015
Legal fees	-	3,690	-	3,690
Accounting fees	-	12,550	-	12,550
Insurance	65,702	3,596	4,188	73,486
Interest	-	80,414	-	80,414
Depreciation	519,358	23,083	34,625	577,066
Bad debts	-	117,093	-	117,093
Direct program expenses	13,549,041	-	104,631	13,653,672
Advertising and promotion	-	92,567	471,809	564,376
Office expense	-	7,470	57,866	65,336
Occupancy expense	-	125,432	3,941	129,373
Travel expenses	534,248	16,249	31,517	582,014
Conferences and board meetings	-	17,443	-	17,443
Grants to other organizations	99,937	-	-	99,937
Shipping and supplies	43,661	95,788	31,698	171,147
Event security	41,594	-	-	41,594
Staff development	-	4,853	-	4,853
Other (with allocations)	201,111	(75,643)	105,690	231,158
	<u>\$ 18,886,607</u>	<u>\$ 1,095,377</u>	<u>\$ 1,160,253</u>	<u>\$ 21,142,237</u>

Christ in Youth, Inc.
Joplin, Missouri

Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program	Administration	Fundraising	Total
Salaries and wages	\$ 2,959,431	\$ 377,552	\$ 235,203	\$ 3,572,186
Pension plan	75,023	21,266	6,099	102,388
Employee benefits	405,440	132,104	25,311	562,855
Legal fees	-	3,461	-	3,461
Accounting fees	-	11,500	-	11,500
Insurance	58,560	3,560	3,900	66,020
Interest	-	51,639	-	51,639
Depreciation	439,505	24,693	29,630	493,828
Bad debts	-	61,323	-	61,323
Direct program expenses	12,233,268	-	214,094	12,447,362
Advertising and promotion	-	51,555	48,350	99,905
Office expense	-	316	79,990	80,306
Occupancy expense	-	82,904	3,640	86,544
Travel expenses	474,451	45,213	36,830	556,494
Conferences and board meetings	-	10,752	-	10,752
Shipping and supplies	40,022	74,067	27,292	141,381
Event security	34,002	-	-	34,002
Staff development	-	7,461	-	7,461
Other (with allocations)	199,790	(20,193)	74,076	253,673
	<u>\$ 16,919,492</u>	<u>\$ 939,173</u>	<u>\$ 784,415</u>	<u>\$ 18,643,080</u>

**Christ in Youth, Inc.
Joplin, Missouri**

**Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$(208,586)	\$ 258,256
Adjustment to reconcile change in net assets to cash provided by operating activities:		
Depreciation	577,066	493,827
Bad debts	117,093	61,323
Gain on sale of property and equipment	2,468	
Change in:		
Accounts receivable	(197,525)	(104,206)
Net unconditional promises to give	(147,419)	155,069
Travel advances	271	(1,765)
Prepaid program expenses	9,839	(198,366)
Inventory	16,842	31,057
Accounts payable	744	18,045
Accrued expenses	15,807	(111,229)
Deferred revenue	41,885	297,908
Net cash flows from operating activities	<u>228,485</u>	<u>899,919</u>
Cash flows from investing activities:		
Purchase of property and equipment	(702,134)	(1,056,297)
Proceeds from sale of property and equipment	39,785	--
Change in long term cash investment	(8,885)	(104)
Donated securities	4,385	--
Net cash flows from investing activities	<u>(666,849)</u>	<u>(1,056,401)</u>
Cash flows from financing activities:		
Net increase (decrease) on line of credit	216,370	233,630
Proceeds from issuance of long-term debt	315,764	306,370
Principal payments on long-term debt	(61,460)	(33,297)
Net cash flows from financing activities	<u>470,674</u>	<u>506,703</u>
Increase (decrease) in cash and cash equivalents	32,310	350,221
Cash and cash equivalents, beginning of year	<u>1,121,279</u>	<u>771,058</u>
Cash and cash equivalents, end of year	<u>\$ 1,153,589</u>	<u>\$ 1,121,279</u>

**Christ in Youth, Inc.
Joplin, Missouri**

**Notes to Financial Statements
December 31, 2018 and 2017**

Note 1 — Summary of Significant Accounting Policies

This summary of significant accounting policies of Christ in Youth, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Operations — The Organization's revenues are predominantly from providing conferences, conventions and seminars to encourage spiritual development for youth and those who work with youth. The Organization also informs and equips youth to work within the local church and with other youth in the community.

Accounts receivable — The Organization's receivables consist primarily of unsecured resource and program fee receivables.

Inventory — Inventory is stated at the lower of cost, determined using the first-in, first-out method, or market.

Property and equipment — Property and equipment are stated at cost, or at estimated fair value at time of donation if contributed, and depreciated over the estimated useful life of each asset. Depreciation is computed using the straight-line method.

Investments — Investments in equity securities having a readily determinable fair value are carried at fair value. All other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or market value. Investment income and gains that are initially restricted by donor stipulation and for which the restriction will be satisfied in the same year are included in unrestricted net assets. Other investment income, gains and losses are reflected in the statement of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Tax Status — The Organization is a not-for-profit organization exempt from income taxes under Internal Revenue Code Section 501(c)(3) and a similar section of state law.

Use of Estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions — All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions.

**Christ in Youth, Inc.
Joplin, Missouri**

**Notes to Financial Statements
December 31, 2018 and 2017
(Continued)**

Note 1 — Summary of Significant Accounting Policies — (continued)

Contributions — (continued) Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Advertising – Advertising costs are expensed as incurred.

Net Assets - The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- Net Assets With Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The organization's unspent contributions are included in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

**Christ in Youth, Inc.
Joplin, Missouri**

**Notes to Financial Statements
December 31, 2018 and 2017
(Continued)**

Note 1 — Summary of Significant Accounting Policies — (continued)

Change in Accounting Principles - The organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (note 3)

The changes have the following effect on net assets at December 31, 2017:

Net Asset Class	As Originally	After Adoption of ASU 2016-14
Unrestricted	\$ 1,827,559	\$ -
Temporarily restricted	581,085	-
Permanently restricted	10,000	-
Net assets without donor restrictions	-	1,827,559
Net assets with restrictions	-	591,085
	<u>\$ 2,418,644</u>	<u>\$ 2,418,644</u>

Note 2 — Significant Concentrations of Credit Risk

The Organization maintains its operating cash balances in accounts at two banks in Joplin, Missouri. The balances held at each bank some of which are insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time the balance in the accounts exceeds the insured limit. At December 31, 2018 and 2017 the Organization's uninsured cash balance was \$659,293 and \$741,372, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk to cash.

The Organization also maintains accounts with the Church Development Fund (CDF) in Irvine, California. This account is used for short-term cash deposits received primarily from program registration fees. Although a higher rate of interest is earned for deposits to these accounts, monies deposited with CDF are uninsured. The Organization's uninsured CDF cash balance was \$44,233 and \$43,796 at December 31, 2018 and 2017, respectively.

Note 3 — Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 and 2017 are listed in the following table. As part of the liquidity management plan, the Organization maintains a revolving line of credit of \$1,100,000 to cover short-term cash needs (note 6).

Christ in Youth, Inc.
Joplin, Missouri

Notes to Financial Statements
December 31, 2018 and 2017
(Continued)

Note 3 – Liquidity and Availability (continued)

	<u>2018</u>	<u>2017</u>
Financial assets		
Cash and cash equivalents	\$ 1,153,589	\$ 1,121,279
Accounts and contributions receivable	1,284,080	805,876
Total financial assets	<u>2,437,669</u>	<u>1,927,155</u>
Less financial assets held to meet donor-imposed restrictions		
Net asset with donor restrictions	<u>(481,236)</u>	<u>(591,085)</u>
Amount available for general expenditures within one year	<u><u>1,956,433</u></u>	<u><u>1,336,070</u></u>

Note 4 — Investments

Amounts carried in investments at December 31 consisted of the following:

	<u>2018</u>	<u>2017</u>
Certificates of deposit	\$ 11,689	\$ 11,574
Equity securities	25,489	21,104
	<u>\$ 37,178</u>	<u>\$ 32,678</u>

Investment return during the year consisted of the following:

Investment and interest income	\$ 10,281	\$ 1,534
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Note 5 — Promises to Give

Unconditional promises to give are as follows:

	<u>2018</u>	<u>2017</u>
Total within one year	\$ 1,289,393	\$ 825,321
Less allowance for doubtful accounts	(211,000)	(145,000)
	<u>1,078,393</u>	<u>680,321</u>
Total within one to five years	\$ -	\$ 315,638
Less allowance for doubtful accounts	-	(17,000)
	<u>-</u>	<u>298,638</u>
Total unconditional promises to give	\$ 1,078,393	\$ 978,959
Less discount to present value	-	(48,285)
	<u><u>1,078,393</u></u>	<u><u>930,674</u></u>

Net unconditional promises to give as reflected in the Statements of Financial Position:

	<u>2018</u>	<u>2017</u>
Current	\$ 1,078,393	\$ 680,621
Long-term	-	250,353
	<u><u>1,078,393</u></u>	<u><u>930,974</u></u>

**Christ in Youth, Inc.
Joplin, Missouri**

**Notes to Financial Statements
December 31, 2018 and 2017
(Continued)**

Note 5 — Promises to Give (continued)

Unconditional promises to give due in more than one year were recognized at fair value, using present value techniques. The discount rate used on promises to give ranged between 4.5% and 8.5% in 2017, based on the expected interest rates over the period of collection. The discount rate used on promises to give for the Program Expansion was 4.5% in 2018 and 2017.

Based upon Management's evaluation, a provision for doubtful accounts was included in the financial statements. Management's evaluation was based upon historical trends and information available to it at the time.

Note 6 — Debt

The Organization has a line of credit agreement which expires March 16, 2019; maximum borrowings of \$1,100,000; interest at 4.5% prime rate subject to a 4.5% floor rounded to the nearest .125 payable monthly; secured by property. The balance on the line of credit was \$450,000 and \$233,630 at December 31, 2018 and 2017, respectively.

The Organization has a long-term note payable which expires December 1, 2022; maximum borrowings of \$660,000; interest payable at 4.75%, principal payable starting July 1, 2018. Balance on the note was \$595,114 at December 31, 2018 and \$306,370 at December 31, 2017, respectively.

The Organization has a long-term note payable related to a land purchase and the construction of a warehouse. The note payable for the land was secured in 2015 and was rolled into the note payable for both the land and warehouse construction in 2016, secured by the land and warehouse.

Notes payable at December 31, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Note payable to Southwest Missouri Bank, due in monthly Installments of \$6,399, including principal and interest at 4.25%, maturing in December 2021	\$ 960,263	\$ 994,703

Scheduled maturities of notes payable at December 31, 2018 are as follows:

<u>Year ending</u>	
2019	\$ 96,304
2020	97,426
2021	946,243
2022	415,404
	<u>\$ 1,555,377</u>

**Christ in Youth, Inc.
Joplin, Missouri**

**Notes to Financial Statements
December 31, 2018 and 2017
(Continued)**

Note 7 — Rentals

The Organization rents facilities on an as needed basis for the various conferences held throughout the year. Total facility rental expense was \$9,735,187 for 2018 and \$8,412,137 for 2017. The organization also leased warehouse facilities for sound, stage, and other equipment. The lease was month to month and required payments of \$4,486 per month, optional \$700 per month for additional storage, and a yearly payment for personal property taxes. The Organization discontinued this lease early in 2017 due to the opening of the CIY warehouse.

Note 8 — Pension Plan

The Organization provides a retirement plan for all employees under IRS Code Section 401(k). After completing one year of service, the Organization's dollar for dollar matching contributions on behalf of the employees, up to 6% of the employee's salary, were \$114,186 and \$102,388 for 2018 and 2017, respectively.

Note 9 — Net Assets With Donor Restrictions Net assets with donor restrictions are being held for the purpose of fulfilling the Amplify the Call capital campaign, Mix Expansion, and International Conferences. The assets will be used to bring programs to new regions in the United States, expand video production capabilities, increase web development efforts, provide for a storage facility, and hold conferences in India, Central America, South America, Myanmar and Africa. Funds raised at the President's Weekend event will be used to expand programs to new locations both domestically and internationally. Funds also include a \$10,000 contribution, the income from which is to be used to provide Move Conference scholarships.

Note 10 — Additional Cash Flows Information

	<u>2018</u>	<u>2017</u>
<u>Additional Cash Payment Information</u>		
Interest paid	\$ 80,414	\$ 51,639

Note 11 — Donated Services

The Organization recognizes contribution revenue for services received at the fair market value of those services in accordance with criteria for the recognition of contributed services. For the years ending December 31, 2018 and 2017 no contribution revenue was recorded in the Statement of Activities. However, the Organization received donated services from a variety of unpaid volunteers assisting the Organization in its conferences for which no value has been assigned.

Note 12 — Functional Allocation of Expenses

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to

Christ in Youth, Inc.
Joplin, Missouri

Notes to Financial Statements
December 31, 2018 and 2017
(Continued)

Note 12 — Functional Allocation of Expenses (continued)

multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Other costs are allocated based on tracking by management and consistent use of general ledger coding.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising.

Note 13 — Subsequent Event

Subsequent events were evaluated through December 12, 2019, which is the date the financial statements were available to be issued.

In March 2019, the Organization renewed the \$1,100,000 revolving line of credit that bears interest at prime subject to a 4.5% floor rate. Monthly interest payments are due on the outstanding balances. The agreement expires March 16, 2020 and is secured by the Organization's assets.

Note 14 — Income Taxes

The entity recognizes interest and penalties, if any, related to income taxes on separate line items in the statement of activities. Based upon Management's evaluation, there were no uncertain tax positions for which it is reasonably possible would jeopardize the tax-exempt status of the entity. Tax years 2015 through 2018 are subject to audit by the United States Internal Revenue Service.