Youth With A Mission, San Francisco

Financial Statements

December 31, 2016

(With Independent Auditor's Report)

Youth With A Mission, San Francisco
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Davis & Company
1101 College Ave, Suite 210
Santa Rosa, CA 95404

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Youth With A Mission
San Francisco, California

We have audited the accompanying financial statements of Youth With A Mission, San Francisco (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expense and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generallly 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 from 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 judgement, 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 Youth With A Mission, San Francisco as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

May 8, 2017

Davis & Company

Santa Rosa, CA

Youth With A Mission, San Francisco
Statement of Financial Position
December 31, 2016

	Dec-31-2016
ASSETS	
CURRENT ASSETS	
Cash in bank and on hand	$ 710,659
Accounts Receivable, Net	69,247
Prepaid Expenses	1,891
TOTAL CURRENT ASSETS	781,797
NON-CURRENT ASSETS	
Loan fees	24,187
Property and equipment, Net	4,223,313
TOTAL NON-CURRENT ASSETS	4,247,500
TOTAL ASSETS	**5,029,297**
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	31,111
Unearned Revenue	5,375
Mortgage Payable - Current Portion	125,503
TOTAL CURRENT LIABILITIES	161,989
LONG-TERM LIABILITIES	
Mortgage Payable, Net of Current Portion	1,991,387
TOTAL LONG-TERM LIABILITIES	1,991,387
TOTAL LIABILITIES	2,153,376
NET ASSETS	
Unrestricted Net Assets	2,875,921
TOTAL LIABILITIES AND NET ASSETS	**$ 5,029,297**

See accompanying independent auditor's report and notes to financial statements

Youth With A Mission, San Francisco

Statement of Activities

December 31, 2016

	Unrestricted	Temporarily Restricted	Pernamently Restricted	Total
REVENUES AND OTHER SUPPORT				
Contributions	$ 1,121,829	$ -	$ -	$ 1,121,829
Student and staff fees	616,718	-	-	616,718
Dividend income	105	-	-	105
TOTAL REVENUES AND SUPPORT	1,738,652	-	-	1,738,652
OPERATING EXPENSES				
Program Services	1,116,550	-	-	1,116,550
Supporting services - Management & General	164,406	-	-	164,406
Supporting Services - Fundraising	27,664	-	-	27,664
TOTAL OPERATING EXPENSES	1,308,620	-	-	1,308,620
CHANGE IN NET ASSETS	430,032	-	-	430,032
NET ASSETS AT THE BEGINNING OF YEAR	2,445,889	-	-	2,445,889
NET ASSETS AT THE END OF YEAR	**$ 2,875,921**	**$ -**	**$ -**	**$ 2,875,921**

See accompanying independent auditor's report and notes to fiancial statements

Youth With A Mission, San Francisco

Stattement of Cash Flows

December 31, 2016

		Year Ended Dec-31-2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	430,032
Adjustments to Reconcile Change in Net Assets tc Cash Provided by Operating Activities:		
Depreciation		104,113
Amortization		3,060
(Increase)/Decrease in Accounts Receivable		(32,423)
(Increase)/Decrease in Prepaid Expenses		(151)
Increase/(decrease) in Accounts Payable and Current Liabilities		(101,316)
Increase/(decrease) in Unearned Revenue		5,375
NET CASH PROVIDED BY OPERATING ACTIVITIES		408,690
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment		(12,182)
NET CASH PROVIDED BY INVESTING ACTIVITIES		(12,182)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Notes Payable		(440,957)
NET CASH PROVIDED BY FINANCING ACTIVITIES		(440,957)
NET INCREASE (DECREASE) IN CASH		(44,449)
CASH AT BEGINNING OF YEAR		755,108
CASH AT END OF YEAR - See Note 4	**$**	**710,659**

See accompanying independent auditor's report and notes to fiancial statement:

Youth With A Mission, San Francisco

Statement of Functional Expenses

December 31, 2016

	Program Service Expenses					
	San Francisco	Other Locations	Total	Management and General	Fundraising	Total
Staff support	$ 355,147	$ 180,277	$ 535,424	$ 67,332	$ 11,853	$ 614,609
Ministry/Outreach	48,399	5,660	54,059	5,354	-	59,412
Rent - Off Base	29,143	37,750	66,893	50,993	-	117,886
Food	35,816	7,959	43,775	8,548	-	52,323
Utilities	40,126	2,555	42,680	12,119	-	54,800
Supplies and Materials	10,113	1,256	11,369	3,183	-	14,552
Speaker Travel	4,865	2,745	7,611	5,388	-	12,999
Repairs and Maintenance	33,571	885	34,456	(2,202)	-	32,254
Depreciation	75,514	9,660	85,174	18,939	-	104,113
Legal and Accounting	-	91	91	11,129	-	11,220
Insurance	16,403	-	16,403	11,178	-	27,581
Advertising	47,835	3,456	51,291	2,831	-	54,123
Fundraising	-	-	-	-	15,811	15,811
Property Taxes	29,644	2,328	31,972	(73,515)	-	(41,543)
Student Transportation	2,233	954	3,187	47	-	3,233
Photocopier	757	3	760	4,321	-	5,080
Special Events	1,090	-	1,090	9,231	-	10,321
Conferences and Training	6,220	4,848	11,068	3,185	-	14,254
Contributions - YWAM	-	-	-	2,040	-	2,040
Contributions - General	350	-	350	16,093	-	16,443
Vehicle	1,004	175	1,180	1,101	-	2,280
Miscellaneous	2,490	9,711	12,201	(7,734)	-	4,467
Telephone	7,321	1,338	8,659	2,601	-	11,260
Interest Expense	93,474	-	93,474	(2,208)	-	91,266
Merchant & Bank Fees	1,684	403	2,087	10,190	-	12,277
License and Service Fees	1,295	1	1,296	1,398	-	2,694
Bad Debt	-	-	-	2,491	-	2,491
Volunteer Recognition	-	-	-	374	-	374
Total Expenses	**$ 844,495**	**$ 272,055**	**$ 1,116,550**	**$ 164,406**	**$ 27,664**	**$ 1,308,620**

See accompanying independent auditor's report and notes to fiancial statements

Youth With A Mission, San Francisco

Statement of Functional Expenses - San Francisco

December 31, 2016

	Cities Outreach Department	Discipleship Training Schools	Because Justice Matters	Restoration Initiatives	Total San Francisco
Staff support	$ 12,242	$ 112,123	$ 112,000	$ 118,782	$ 355,147
Ministry/Outreach	-	32,536	15,863	-	48,399
Rent - Off Base	-	-	29,143	-	29,143
Food	17,267	17,246	755	548	35,816
Utilities	25,011	5,801	4,763	4,550	40,126
Supplies and Materials	8,642	368	866	237	10,113
Speaker Travel	111	4,754	-	-	4,865
Repairs and Maintenance	23,095	5,904	537	4,036	33,571
Depreciation	45,502	10,554	11,181	8,278	75,514
Insurance	11,406	2,646	276	2,075	16,403
Advertising	26	342	47,467	-	47,835
Property Taxes	20,614	4,781	499	3,750	29,644
Student Transportation	791	1,442	-	-	2,233
Photocopier	61	185	403	108	757
Special Events	106	984	-	-	1,090
Conferences and Training	649	306	5,266	-	6,220
Contributions	-	350	-	-	350
Vehicle	101	717	187	-	1,004
Miscellaneous	877	257	1,356	-	2,490
Telephone	4,123	956	1,492	750	7,321
Interest Expense	65,000	15,076	1,573	11,825	93,474
Merchant & Bank Fees	-	35	1,649	-	1,684
License and Service Fees	-	1,295	-	-	1,295
Total Expenses	**$ 235,624**	**$ 218,658**	**$ 235,274**	**$ 154,939**	**$ 844,495**

See accompanying independent auditor's report and notes to fiancial statement:

Youth With A Mission, San Francisco

Statement of Functional Expenses - Other Locations

December 31, 2016

	Alpha/ North Beach	Better Bayview	San Ramon Full House	San Jose Ember Ink	Silicon Valley SWM	Fremont Omed	San Antonio	Total Other Locations
Staff support	$ 50,546	$ -	$ -	$ 59,184	$ 33,181	$ 2,689	$ 34,677	$ 180,277
Ministry/Outreach	693	-	-	4,967	-	-		5,660
Rent - Off Base	-	-	-	37,750	-	-		37,750
Food	1,561	-	119	6,279	-	-		7,959
Utilities	-	-	-	2,555	-	-		2,555
Supplies and Materials	-	-	7	1,249	-	-		1,256
Speaker Travel	387	-	-	2,358	-	-		2,745
Repairs and Maintenance	95	-	-	789	-	-		885
Depreciation	-	8,004	-	1,656	-	-		9,660
Legal and Accounting	-	-	91	-	-	-		91
Advertising	377	-	-	3,079	-	-		3,456
Property Taxes	-	2,328	-	-	-	-		2,328
Student Transportation	45	-	-	908	-	-		954
Conferences and Training	300	-	-	4,548	-	-		4,848
Vehicle	38	-	37	100	-	-		175
Miscellaneous	1,364	1,248	1,248	3,359	1,248	1,248		9,715
Telephone	508	-	-	830	-	-		1,338
Merchant & Bank Fees	-	-	151	252	-	-		403
Total Expenses	**$ 55,916**	**$ 11,580**	**$ 1,652**	**$ 129,864**	**$ 34,429**	**$ 3,937**	**$ 34,677**	**$ 272,055**

See accompanying independent auditor's report and notes to fiancial statements

(1) Organization and Operations

Youth With A Mission, San Francisco (the Organization) is a California nonprofit religious corporation located in San Francisco, CA. The Organization was founded in 1987, received it's IRS tax exempt status in 1995 and was incorporated in 1997. The Organization is a tax-exempt organization for federal and state income tax purposes under Internal Revenue Code Section 501(c)(3).

The Organization assists and evangelizes homeless and needy individuals in the San Francisco Bay Area, and operates Discipleship Training Schools (DTS) which combines Bible study courses with a missionary outreach off campus. The Organization is staffed by volunteers (missionaries). Volunteer staff are responsible for raising their own support and are considered independent contractors, not employees. The Organization acts as a qualified mission's agency and collects and disburses donations to the missionaries. The volunteer staff are individually responsible for any required filings with government agencies.

Two components make up the bulk of the Organization's revenue: Contributions and Support, which are donations from the general public, and program-related tuition and fees charged to students, staff and volunteers. Contributions and support comprise donations made to the Organization's general fund, and donations to the Organization to support the independent missionaries working throughout the world. The Organization has discretion over all donations received including suggested restrictions and support for its volunteers, thus these transactions are not agency transactions. See Note 3, Contributions and Support.

There are many Youth With A Mission nonprofit corporations around the world with which the Organization is associated. Each corporation is autonomous in control and structure. These financial statements include only the operations controlled by Youth With A Mission, San Francisco. See Note 2, Basis of Consolidation.

(2) Summary of Significant Accounting Policies

The significant accounting policies of the Organization are as follows:

Basis of Consolidation

These financial statements include the accounts of all academic and administrative departments of the Organization.

Basis of Presentation

The financial statements of the Organization are presented on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP) established for not-for-profit organizations. In accordance with GAAP, the Organization classifies net assets, revenues, gains, and other support and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets- Net assets that are not subject to donor-imposed restrictions, or are received with restrictions that are satisfied in the same reporting period. They are available for support of all organizational operations and services. Unrestricted net assets may also be designated by the board of directors for specific purposes at any time. The Organization has discretion over all donations and therefore all funds are classified as Unrestricted Net Assets.

Temporarily Restricted Net Assets- Net assets that are subject to legal or donor-imposed restrictions that will be satisfied either by actions of the Organization, the passage of time, or both. Once restrictions are satisfied, those temporarily restricted net assets are released from restrictions and reclassified to unrestricted net assets. On the Statement of Activities, such assets are reported as net assets released from restrictions. The Organization currently has no Temporarily Restricted Net Assets.

Permanently Restricted Net Assets- Net assets that are subject to donor-imposed restrictions that stipulate they must be maintained permanently by the Organization. These net assets constitute the Organization's endowment fund. Income realized by the endowment, as well as unrealized capital appreciation on the endowment, is recorded as an increase in temporarily restricted net assets until the income is appropriated for expenditure. No losses on endowment principal are recorded to permanently restricted net assets. The Organization currently has no Permanently Restricted Net Assets.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, gains, and other support and expenses during the reporting period. Actual results could differ significantly from those estimates.

Comparative financial Information

This audited report is the initial audit for the Organization. Prior compiled financial statements are not presented for comparison purposes.

Revenues and Expenses

Revenues are reported as increases in unrestricted net assets unless the use of those assets is limited by donor-imposed restrictions. Contributions received and investment gains and income, for which the restriction is satisfied in the same reporting period, are classed to unrestricted net assets. No time restrictions have been implied on contributions of cash restricted to purchasing long-lived assets. The Organization does not have advance knowledge of contributions to be received and thus does not record contribution revenue until money or items are received. Tuition and fees revenue is recognized upon date of invoice, which approximates revenue recognition rules under GAAP.

Expenses are reported as decreases in unrestricted net assets. Expenses are recorded when incurred. Expenses for DTS outreaches are recorded at the beginning of the outreach, and any final adjustments are made when the teams return.

Donations in Kind
The Organization receives donated labor from volunteer groups and its volunteer staff, but does not record the value of such services in its financial statements since these services do not meet the criteria for recognition as contributed services.

The Organization records the fair market value of supplies it receives. Vehicle donations are recorded at Kelley Blue Book value and used by the ministry.

Cash
Cash in the statement of cash flows consists of all cash accounts. $154,328 of the cash (22%) was undeposited cash as of December 31, 2016. This is due to a large amount of contributions arriving at year end which was all deposited in January 2017. 93% of the cash in the bank is held at one financial institution and 7% is held at another financial institution. None of the cash per bank accounts was excess of FDIC limits at December 31, 2016.

Accounts Receivable
Accounts receivable represent student and staff fees owed to the Organization. Management has recorded an allowance for doubtful accounts equal to 16% of gross accounts receivable as of December 31, 2016. Management has increased the allowance for doubtful accounts to match the probability of collection. Management considers this percentage to be reasonable per the Organization's recent historic rates of collection of accounts receivable.

Prepaid Expenses
Prepaid expenses consist of prepaid insurance premiums.

Property, Plant, and Equipment
Property, plant, and equipment are recorded at cost when purchased or at estimated fair value if received by donation.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, with no salvage value. Buildings and building improvements are depreciated over 15 to 40 years, leasehold improvements are amortized over 15 to 40 years, and furniture and equipment are depreciated over 5 to 10 years. Assets with a cost of $2,000 or more are capitalized; assets with a cost of less than $2,000 are expensed on the Consolidated Statements of Functional Expenses.

Deferred Tuition and Fees Revenue
Deferred tuition and fees revenue represent deposits collected from students and staff for tuition, housing fees, and DTS outreach fees in advance of time of invoice.

Functional Expense Allocation
The cost of providing the various programs and supporting services has been summarized on a functional basis in the Statement of Activities. Management allocates costs among the programs and supporting services benefited using percentages that are based on the number and size of the programs as determined by the estimated percentage of staff, students and space involved in each function.

(3) Contributions and Support
Per Note 1, Organization and Operations, the Organization receives donations for its programs and for the support of its volunteers who are independent missionaries. Although the organization has discretion over all donations the organization typically allocates all donations according to the donor recommendation. The detail of donations received for the years ended December 31, 2016 is as follows:

	12/31/2016
Donations received to support independent missionaries	$ 592,684
Student and staff fee income	529,145
Total donations	$ 1,121,829

(4) Accounts Receivable

	12/31/2016
Gross Accounts Receivable	$ 81,353
Less: Allowance for Doubtful Accounts	12,106
Net Accounts Receivable	$ 69,247

(5) Prepaid Expenses

Prepaid Insurance	$ 1,891

(6) Property, Plant and Equipment - Refer to Note 2

	Cost	Accum Depr.	Book Value
Land	$ 2,306,687	$ 0	$ 2,306,687
Buildings and Improvements	1,991,628	258,998	1,732,630
Leasehold Improvements	390,689	217,105	173,584
Furniture, Fixtures & Equipment	87,855	77,443	10,412
Totals: Property, Plant & Equipment	$ 4,776,859	$ 553,546	$ 4,223,313
Less: Payable on Fixed Assets - Note 8			2,026,890
Total: Fixed Assets – Unrestricted			$ 2,196,423

(7) Deferred Tuition and Fees Revenue

	Current FYE
Total Deferred Tuition and Fees	$ 5,375

(8) Mortgages and Notes Payable

Private Party Lender

The Organization has one unsecured loan outstanding with a private party. The loan was issued for $300,000 on October 24, 2014 and has a 3-year fixed interest rate of 3.5% with interest only payments of $875 due monthly. After the initial 3-years, the rate will be adjusted to the "Discount Rate" on advances to Member Banks. The balance of the loan at December 31, 2016 is $90,000. The loan is due and payable upon the sale of the Ellis St Property.

FIRST NATIONAL BANK OF NORTHERN CALIFORNIA

The Organization has one secured loan outstanding with First National Bank of Northern California. The loan was issued for $2,060,000 and has a fixed interest rate of 3.5% for three years with monthly payments of $9,842.85. After the initial 3 year period, the rate will become variable at the Prime Rate as published in the Wall street Journal plus 1.5%. The note is due and payable on November 3, 2025. This loan is secured by a first mortgage on the property located at 357 Ellis St, San Francisco, CA.

Mortgages and Notes Payable

Payable to:

	12/31/2016
Private Party	$ 90,000
First National Bank of Northern California	2,026,890
Totals	2,116,890
Less Current Portion	125,503
Net Long Term Portion	$1,991,387

Principal of long-term debt payable during each year is as follows:

For the year ended	2017	$ 125,503
	2018	40,222
	2019	36,897
	2020	37,733
	2021	36,993
	Thereafter	1,839,542
	Total	$ 2,116,890

Total interest paid on long-term debt was $91,266 for the year ended December 31, 2016.

(9) Operating Lease Liability

The Organization leases data communication machines, including copiers. These leases do not transfer substantially all of the risks of ownership to the Organization, therefore they are recorded as operating leases. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2016.

Mercy Hosing: Lease obligation to lease Real Property on February 1, 2013. The lease term is 5 years. The monthly payment is $3,024.

Cannon: Lease obligation to lease Cannon Copier on July 14, 2016. The lease term is 4 years. The monthly payment is $277.50.

Future minimum operating payments are as follows:

For the year ended	2017	$40,719
	2018	6,477
	2019	3,330
	2020	1,665
	2012	0
	Thereafter	0
	Total	$ 52,191

(10) Advertising Costs

There was a total of $54,123 in advertising costs charged to expense for the year ended December 31, 2016. This expense is part of the promotional expenses in the statements of functional expenses. It is considered a direct expense not incurring measurable future benefit. Advertising costs are expensed as incurred.

(11) Net Assets

Total Unrestricted Net Assets	$ 2,875,921
Total Temporarily Restricted Net Assets	$ 0
Restricted For Permanent Endowments	$ 0
Total Net Assets	$ 2,875,921