

# YOUTH WITH A MISSION, SAN FRANCISCO

Financial Statements  
With Independent Accountants' Compilation  
Report

December 31, 2017

# YOUTH WITH A MISSION, SAN FRANCISCO

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## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Youth With a Mission, San Francisco  
San Francisco, California

Management is responsible for the accompanying financial statements of Youth With a Mission, San Francisco (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplemental information contained in the schedule of functional expenses is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplemental information has been compiled from information that is the representation of management. We have not audited or reviewed the supplemental information and, accordingly, do not express an opinion or provide any assurance on such supplemental information.

*Capin Crouse LLP*

Pleasanton, California  
April 5, 2018

# YOUTH WITH A MISSION, SAN FRANCISCO

## Statement of Financial Position

December 31, 2017

### ASSETS:

#### Current assets:

|                                       |    |                |
|---------------------------------------|----|----------------|
| Cash and cash equivalents             | \$ | 860,528        |
| Accounts receivable, net of allowance |    | 58,326         |
| Prepaid expenses                      |    | 1,782          |
|                                       |    | <u>920,636</u> |

#### Non-current assets:

|                  |  |                  |
|------------------|--|------------------|
| Fixed assets—net |  | <u>4,127,126</u> |
|------------------|--|------------------|

|              |    |                         |
|--------------|----|-------------------------|
| Total Assets | \$ | <u><u>5,047,762</u></u> |
|--------------|----|-------------------------|

### LIABILITIES AND NET ASSETS:

#### Current liabilities:

|                                       |    |                |
|---------------------------------------|----|----------------|
| Accounts payable and accrued expenses | \$ | 78,722         |
| Current portion of debt—net           |    | 43,243         |
|                                       |    | <u>121,965</u> |

#### Non-current liabilities:

|                               |  |                  |
|-------------------------------|--|------------------|
| Long-term portion of debt—net |  | 1,823,364        |
|                               |  | <u>1,945,329</u> |

#### Net Assets:

##### Unrestricted:

|                                |  |                  |
|--------------------------------|--|------------------|
| Undesignated                   |  | 520,147          |
| Net investment in fixed assets |  | 2,260,519        |
|                                |  | <u>2,780,666</u> |

|                        |  |                  |
|------------------------|--|------------------|
| Temporarily restricted |  | 321,767          |
|                        |  | <u>3,102,433</u> |

|                                  |    |                         |
|----------------------------------|----|-------------------------|
| Total Liabilities and Net Assets | \$ | <u><u>5,047,762</u></u> |
|----------------------------------|----|-------------------------|

See accompanying notes and independent accountants' compilation report

# YOUTH WITH A MISSION, SAN FRANCISCO

## Statement of Activities

Year Ended December 31, 2017

|                                               | Unrestricted        | Temporarily<br>Restricted | Total               |
|-----------------------------------------------|---------------------|---------------------------|---------------------|
| SUPPORT, REVENUE, AND RECLASSIFICATIONS:      |                     |                           |                     |
| Contributions                                 | \$ 84,478           | \$ 1,069,060              | \$ 1,153,538        |
| Student and staff fees                        | 429,913             | -                         | 429,913             |
| Net assets released from restrictions:        |                     |                           |                     |
| Satisfaction of purpose restrictions          | 903,370             | (903,370)                 | -                   |
| Total Support, Revenue, and Reclassifications | <u>1,417,761</u>    | <u>165,690</u>            | <u>1,583,451</u>    |
| EXPENSES:                                     |                     |                           |                     |
| Program services                              | 1,038,113           | -                         | 1,038,113           |
| Supporting activities:                        |                     |                           |                     |
| Management and general                        | 279,972             | -                         | 279,972             |
| Fundraising                                   | 38,854              | -                         | 38,854              |
| Total Expenses                                | <u>1,356,939</u>    | <u>-</u>                  | <u>1,356,939</u>    |
| Change in Net Assets                          | 60,822              | 165,690                   | 226,512             |
| Net Assets, Beginning of Year                 | <u>2,719,844</u>    | <u>156,077</u>            | <u>2,875,921</u>    |
| Net Assets, End of Year                       | <u>\$ 2,780,666</u> | <u>\$ 321,767</u>         | <u>\$ 3,102,433</u> |

See accompanying notes and independent accountants' compilation report

# YOUTH WITH A MISSION, SAN FRANCISCO

## Statement of Cash Flows

Year Ended December 31, 2017

### CASH FLOWS FROM OPERATING ACTIVITIES:

|                                                                                             |                |
|---------------------------------------------------------------------------------------------|----------------|
| Change in net assets                                                                        | \$ 226,512     |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                |
| Depreciation and amortization                                                               | 104,478        |
| Net change in:                                                                              |                |
| Accounts receivable                                                                         | 10,921         |
| Prepaid expenses                                                                            | 109            |
| Accounts payable and accrued expenses                                                       | 42,236         |
| Net Cash Provided by Operating Activities                                                   | <u>384,256</u> |

### CASH FLOWS FROM INVESTING ACTIVITIES:

|                                       |                |
|---------------------------------------|----------------|
| Purchases of fixed assets             | <u>(5,231)</u> |
| Net Cash Used in Investing Activities | <u>(5,231)</u> |

### CASH FLOWS FROM FINANCING ACTIVITIES:

|                                       |                  |
|---------------------------------------|------------------|
| Principal payments on debt            | <u>(229,156)</u> |
| Net Cash Used in Financing Activities | <u>(229,156)</u> |

|                                         |         |
|-----------------------------------------|---------|
| Net Change in Cash and Cash Equivalents | 149,869 |
|-----------------------------------------|---------|

|                                              |                |
|----------------------------------------------|----------------|
| Cash and Cash Equivalents, Beginning of Year | <u>710,659</u> |
|----------------------------------------------|----------------|

|                                        |                          |
|----------------------------------------|--------------------------|
| Cash and Cash Equivalents, End of Year | <u><u>\$ 860,528</u></u> |
|----------------------------------------|--------------------------|

### SUPPLEMENTAL DISCLOSURE:

|                        |                         |
|------------------------|-------------------------|
| Cash paid for interest | <u><u>\$ 76,562</u></u> |
|------------------------|-------------------------|

See accompanying notes and independent accountants' compilation report

# YOUTH WITH A MISSION, SAN FRANCISCO

## Statement of Functional Expenses

Year Ended December 31, 2017

|                               | Program Services  |                   |                     | Supporting Activities      |                  |                     |
|-------------------------------|-------------------|-------------------|---------------------|----------------------------|------------------|---------------------|
|                               | San Francisco     | Other Locations   | Total               | General and Administrative | Fundraising      | Total               |
| Staff support                 | \$ 312,255        | \$ 189,171        | \$ 501,426          | \$ 162,011                 | \$ 43,089        | \$ 706,526          |
| Depreciation and amortization | 10,080            | 8,556             | 18,636              | 82,782                     | -                | 101,418             |
| Interest expense              | -                 | -                 | -                   | 79,622                     | -                | 79,622              |
| Rent - Off Base               | 24,884            | 33,576            | 58,460              | (2,624)                    | -                | 55,836              |
| Utilities                     | 1,597             | 2,726             | 4,323               | 50,748                     | -                | 55,071              |
| Food                          | 35,904            | 7,447             | 43,351              | 9,112                      | -                | 52,463              |
| Ministry/Outreach             | 44,421            | 6,767             | 51,188              | 706                        | -                | 51,894              |
| Repairs and maintenance       | 1,899             | -                 | 1,899               | 27,327                     | -                | 29,226              |
| Contributions - General       | 11,400            | -                 | 11,400              | 17,575                     | -                | 28,975              |
| Insurance                     | -                 | -                 | -                   | 27,146                     | -                | 27,146              |
| Property taxes                | -                 | -                 | -                   | 26,783                     | -                | 26,783              |
| Advertising                   | 17,425            | 12                | 17,437              | 7,195                      | -                | 24,632              |
| Legal and accounting          | -                 | 190               | 190                 | 23,204                     | -                | 23,394              |
| Conferences and training      | 8,582             | 1,326             | 9,908               | 2,776                      | -                | 12,684              |
| Merchant and bank fees        | 1,661             | 540               | 2,201               | 10,207                     | -                | 12,408              |
| Supplies and materials        | 8,213             | 689               | 8,902               | 3,362                      | -                | 12,264              |
| Bad debt                      | 550               | -                 | 550                 | 11,545                     | -                | 12,095              |
| Telephone                     | 1,940             | 639               | 2,579               | 7,854                      | -                | 10,433              |
| Special events                | 1,301             | 1,253             | 2,554               | 6,619                      | -                | 9,173               |
| Speaker travel                | 3,119             | 1,461             | 4,580               | 4,262                      | -                | 8,842               |
| Photocopier                   | 964               | 2                 | 966                 | 2,538                      | -                | 3,504               |
| Miscellaneous                 | 3,307             | 7,488             | 10,795              | (7,985)                    | -                | 2,810               |
| Vehicle                       | 437               | 210               | 647                 | 1,969                      | -                | 2,616               |
| Student transportation        | 2,001             | 138               | 2,139               | 96                         | -                | 2,235               |
| Contributions - YWAM          | -                 | -                 | -                   | 2,040                      | -                | 2,040               |
| License and service fees      | 390               | -                 | 390                 | 1,214                      | -                | 1,604               |
| Volunteer recognition         | -                 | -                 | -                   | 643                        | -                | 643                 |
| Fundraising                   | 4,837             | -                 | 4,837               | -                          | (4,235)          | 602                 |
| Facilities cross-charge       | 278,755           | -                 | 278,755             | (278,755)                  | -                | -                   |
| Total Expenses                | <u>\$ 775,922</u> | <u>\$ 262,191</u> | <u>\$ 1,038,113</u> | <u>\$ 279,972</u>          | <u>\$ 38,854</u> | <u>\$ 1,356,939</u> |

See accompanying notes and independent accountants' compilation report

# YOUTH WITH A MISSION, SAN FRANCISCO

## Notes to Financial Statements

December 31, 2017

1. NATURE OF ORGANIZATION:

Youth with a Mission, San Francisco (YWAM-SF) was incorporated in the state of California as a not-for-profit corporation. YWAM-SF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), and comparable state law(s). However, YWAM-SF is subject to federal income tax on any unrelated business taxable income. In addition, YWAM-SF is not classified as a private foundation within the meaning of section 509(a) of the Code. Contributions to YWAM-SF by the public are deductible for income tax purposes and are the primary source of support and revenue.

YWAM-SF works amongst a diversity of peoples in the San Francisco Bay area through training, evangelism, and community development and operates a Discipleship Training School (DTS) which combines Bible study courses with a missionary outreach off campus. YWAM-SF is staffed by volunteers (missionaries). Volunteer staff are responsible for raising their own support and are considered independent contractors, not employees. YWAM-SF acts as a qualified mission's agency and collects and disburses donations to the missionaries.

There are many Youth with a Mission nonprofit corporations around the world with which the YWAM-SF is associated. Each corporation is autonomous in control and structure. These financial statements include only the operations controlled by YWAM-SF.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of YWAM-SF have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**USE OF ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**CASH AND CASH EQUIVALENTS**

For statements of financial position and cash flow purposes, cash and cash equivalents include cash on hand as well as amounts held in checking and savings accounts. These accounts may, at times, exceed the federally insured limits. YWAM-SF has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

**ACCOUNTS RECEIVABLE**

Accounts receivable represent student and staff fees owed to YWAM-SF. Management has recorded an allowance for doubtful accounts of \$24,069 as of December 31, 2017. Management considers this amount to estimate the probability of collection and to be reasonable based upon YWAM-SF's recent historic rates of collection of accounts receivable.



# YOUTH WITH A MISSION, SAN FRANCISCO

## Notes to Financial Statements

December 31, 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### FIXED ASSETS

Fixed assets consist of land, buildings, furniture and equipment and are recorded at cost when purchased or at estimated fair value if received by donation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis with useful lives ranging from 5 to 40 years. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. YWAM-SF has elected to capitalize land, buildings, furniture, and equipment with a cost of \$2,000 or more.

#### NET ASSETS

The financial statements report amounts by class of net assets:

*Unrestricted net assets* are those currently available at the discretion of the board for use in YWAM-SF's operations and those resources invested in fixed assets-net.

*Temporarily restricted net assets* are those stipulated by donors for specific ministry purposes.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to legal restrictions.

#### SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets is transferred to YWAM-SF. YWAM-SF records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions, or both. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

YWAM-SF receives non-cash gifts which are recorded as support at the estimated fair market value on the date of the gift.

Student and staff fees are recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various program services and supporting activities have been summarized on a functional basis in the statement of activities. Management allocates costs among the programs and supporting activities 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. Major programs of YWAM-SF include DTS, Because Justice Matters program, and outreach to the community.

# YOUTH WITH A MISSION, SAN FRANCISCO

## Notes to Financial Statements

December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ADVERTISING EXPENSE

Advertising expense is used to promote YWAM-SF. All advertising expenses are reported when incurred and totaled \$24,632 for the year ended December 31, 2017.

3. FIXED ASSETS–NET:

As of December 31, 2017, fixed assets–net consist of:

|                                    |                          |
|------------------------------------|--------------------------|
| Land                               | \$ 2,306,687             |
| Buildings and improvements         | 1,996,858                |
| Leasehold improvements             | 390,689                  |
| Furniture, fixtures, and equipment | 77,616                   |
| Vehicles                           | 10,240                   |
|                                    | <hr/> 4,782,090          |
| Less accumulated depreciation      | (654,964)                |
| Fixed assets-net                   | <hr/> 4,127,126          |
| Add prepaid loan fees              | 21,127                   |
| Less debt secured fixed assets     | <hr/> (1,887,734)        |
|                                    | <hr/>                    |
| Net investment in fixed assets     | <hr/> <hr/> \$ 2,260,519 |

4. DEBT:

As of December 31, 2017, debt consists of:

Secured loan with a financial institution with interest at a fixed rate of 3.95% for three years and monthly payments of \$9,843. 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%, with monthly payments of \$11,044. The note is due November 2025 with a balloon payment of \$1,686,484.

|                            |                          |
|----------------------------|--------------------------|
|                            | \$ 1,887,734             |
| Less prepaid loan fees–net | <hr/> (21,127)           |
|                            | <hr/>                    |
|                            | <hr/> <hr/> \$ 1,866,607 |

# YOUTH WITH A MISSION, SAN FRANCISCO

## Notes to Financial Statements

December 31, 2017

4. DEBT, continued:

Future maturities are as follows:

| <u>Year Ending December 31,</u> |                            |
|---------------------------------|----------------------------|
| 2018                            | \$ 43,243                  |
| 2019                            | 40,846                     |
| 2020                            | 41,732                     |
| 2021                            | 44,157                     |
| 2022                            | 46,448                     |
| Thereafter                      | <u>1,671,308</u>           |
|                                 | <u><u>\$ 1,887,734</u></u> |

5. NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

|                       |                          |
|-----------------------|--------------------------|
| BJM                   | \$ 249,711               |
| Staff support         | 53,317                   |
| North Beach           | 9,827                    |
| Community development | 6,322                    |
| OMED                  | 1,546                    |
| Silicon Valley        | <u>1,044</u>             |
|                       | <u><u>\$ 321,767</u></u> |

6. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 5, 2018, which is the date the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

# YOUTH WITH A MISSION, SAN FRANCISCO

## Supplemental Schedule of Functional Expenses - San Francisco

Year Ended December 31, 2017

|                               | Outreach<br>Department | Discipleship<br>Training<br>Schools | Because<br>Justice<br>Matters | Restoration<br>Initiatives | Total<br>San Francisco |
|-------------------------------|------------------------|-------------------------------------|-------------------------------|----------------------------|------------------------|
| Staff support                 | \$ 8,819               | \$ 52,402                           | \$ 168,986                    | \$ 82,048                  | \$ 312,255             |
| Depreciation and amortization | -                      | -                                   | 10,080                        | -                          | 10,080                 |
| Rent - Off Base               | -                      | -                                   | 24,884                        | -                          | 24,884                 |
| Utilities                     | -                      | -                                   | 1,597                         | -                          | 1,597                  |
| Food                          | 15,224                 | 17,843                              | 251                           | 2,586                      | 35,904                 |
| Ministry/Outreach             | -                      | 31,934                              | 11,861                        | 626                        | 44,421                 |
| Repairs and maintenance       | 153                    | (50)                                | 1,796                         | -                          | 1,899                  |
| Contributions - General       | -                      | 11,400                              | -                             | -                          | 11,400                 |
| Advertising                   | 36                     | 121                                 | 16,932                        | 336                        | 17,425                 |
| Conferences and training      | 405                    | 243                                 | 7,934                         | -                          | 8,582                  |
| Merchant and bank fees        | -                      | 156                                 | 1,505                         | -                          | 1,661                  |
| Supplies and materials        | 6,503                  | 1,198                               | 151                           | 361                        | 8,213                  |
| Bad debt                      | 550                    | -                                   | -                             | -                          | 550                    |
| Telephone                     | -                      | -                                   | 1,940                         | -                          | 1,940                  |
| Special events                | 46                     | 467                                 | 640                           | 148                        | 1,301                  |
| Speaker travel                | -                      | 2,509                               | 610                           | -                          | 3,119                  |
| Photocopier                   | 174                    | 107                                 | 582                           | 101                        | 964                    |
| Miscellaneous                 | 826                    | 1,209                               | 1,272                         | -                          | 3,307                  |
| Vehicle                       | 50                     | 275                                 | 110                           | 2                          | 437                    |
| Student transportation        | 461                    | 1,520                               | -                             | 20                         | 2,001                  |
| License and service fees      | -                      | 390                                 | -                             | -                          | 390                    |
| Fundraising                   | -                      | -                                   | 4,837                         | -                          | 4,837                  |
| Facilities cross-charge       | 193,842                | 44,960                              | 4,690                         | 35,263                     | 278,755                |
| Total Expenses                | <u>\$ 227,089</u>      | <u>\$ 166,684</u>                   | <u>\$ 260,658</u>             | <u>\$ 121,491</u>          | <u>\$ 775,922</u>      |

See independent accountants' compilation report

# YOUTH WITH A MISSION, SAN FRANCISCO

## Supplemental Schedule of Functional Expenses - Other Locations

Year Ended December 31, 2017

|                               | Alpha/<br>North Beach | Better<br>Bayview | San Ramon<br>Full House | San Jose<br>Ember Ink | Silicon Valley<br>SWM | Fremont<br>Omed | San Antonio      | Total Other<br>Locations |
|-------------------------------|-----------------------|-------------------|-------------------------|-----------------------|-----------------------|-----------------|------------------|--------------------------|
| Staff support                 | \$ 78,056             | \$ -              | \$ -                    | \$ 59,041             | \$ 18,785             | \$ 2,901        | \$ 30,388        | \$ 189,171               |
| Depreciation and amortization | -                     | 8,004             | -                       | 552                   | -                     | -               | -                | 8,556                    |
| Rent - Off Base               | -                     | -                 | 685                     | 32,891                | -                     | -               | -                | 33,576                   |
| Utilities                     | -                     | 252               | -                       | 2,474                 | -                     | -               | -                | 2,726                    |
| Food                          | 1,958                 | -                 | 2,657                   | 2,745                 | 87                    | -               | -                | 7,447                    |
| Ministry/Outreach             | 401                   | -                 | -                       | 5,150                 | 1,118                 | 98              | -                | 6,767                    |
| Advertising                   | -                     | -                 | -                       | 12                    | -                     | -               | -                | 12                       |
| Legal and accounting          | -                     | -                 | 190                     | -                     | -                     | -               | -                | 190                      |
| Conferences and training      | 618                   | -                 | -                       | 404                   | 170                   | 134             | -                | 1,326                    |
| Merchant and bank fees        | -                     | -                 | 137                     | 403                   | -                     | -               | -                | 540                      |
| Supplies and materials        | 30                    | -                 | 63                      | 400                   | 196                   | -               | -                | 689                      |
| Telephone                     | 497                   | -                 | -                       | 142                   | -                     | -               | -                | 639                      |
| Special events                | 13                    | -                 | 1,187                   | -                     | 53                    | -               | -                | 1,253                    |
| Speaker travel                | 595                   | -                 | 866                     | -                     | -                     | -               | -                | 1,461                    |
| Photocopier                   | 2                     | -                 | -                       | -                     | -                     | -               | -                | 2                        |
| Miscellaneous                 | 1,248                 | 1,248             | 1,248                   | 1,248                 | 1,248                 | 1,248           | -                | 7,488                    |
| Vehicle                       | 14                    | -                 | 74                      | 122                   | -                     | -               | -                | 210                      |
| Student transportation        | 138                   | -                 | -                       | -                     | -                     | -               | -                | 138                      |
| Total Expenses                | <u>\$ 83,570</u>      | <u>\$ 9,504</u>   | <u>\$ 7,107</u>         | <u>\$ 105,584</u>     | <u>\$ 21,657</u>      | <u>\$ 4,381</u> | <u>\$ 30,388</u> | <u>\$ 262,191</u>        |

See independent accountants' compilation report