



JAMES H. QUIST CPA PLC

**GRAND RAPIDS YOUTH FOR CHRIST, INC.
DBA WEST MICHIGAN
YOUTH FOR CHRIST, INC.**

FINANCIAL STATEMENTS

With Independent Auditor's Report

June 30, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

**Grand Rapids Youth For Christ, Inc.
DBA West Michigan Youth For Christ, Inc.
Grand Rapids, Michigan**

I have audited the accompanying statements of financial position of Grand Rapids Youth For Christ, Inc. DBA West Michigan Youth For Christ, Inc. (a nonprofit organization), as of June 30, 2018 and 2017, 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 of material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Rapids Youth For Christ, Inc. DBA West Michigan Youth For Christ, Inc. as of June 30, 2018 and 2017 and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Wyoming, Michigan
September 26, 2018

2425 Avon Avenue SW
Wyoming MI 49519-2207
616 443 5344
jqvist@quist-cpa.com

GRAND RAPIDS YOUTH FOR CHRIST, INC.
DBA WEST MICHIGAN YOUTH FOR CHRIST, INC.

Statements of Financial Position

	June 30,	
	2018	2017
ASSETS		
Cash and cash equivalents	\$ 46,038	\$ 161,694
Accounts receivable	-	14,293
Contribution receivable	192,687	-
Prepaid expenses	85,115	51,475
Investments	14,994	13,113
	338,834	240,575
Property and equipment		
Leasehold Improvements	35,665	35,665
Office furniture and equipment	26,804	26,804
Vehicles	63,250	63,250
Accumulated depreciation	(79,607)	(62,038)
	46,112	63,681
Total Assets	\$ 384,946	\$ 304,256
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 4,606	\$ 9,266
Accrued payroll and payroll taxes	25,676	26,839
Deferred revenue	23,246	19,016
	53,528	55,121
Total Liabilities	53,528	55,121
Net Assets		
Unrestricted		
Undesignated	285,306	185,454
Net investment in property and equipment	46,112	63,681
	331,418	249,135
Total Net Assets	331,418	249,135
Total Liabilities and Net Assets	\$ 384,946	\$ 304,256

See accompanying notes and independent auditor's report

GRAND RAPIDS YOUTH FOR CHRIST, INC.
DBA WEST MICHIGAN YOUTH FOR CHRIST, INC.

Statements of Activities

	For the Years Ended June 30,					
	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions	\$ 1,494,230	\$ 14,635	\$ 1,508,865	\$ 1,140,190	\$ 29,625	\$ 1,169,815
In-kind contributions	9,278	-	9,278	21,354	-	21,354
Thrift store sales	60,328	-	60,328	71,493	-	71,493
Camp and activity fees, net of scholarships	33,161	-	33,161	27,906	-	27,906
Miscellaneous revenue	2,879	-	2,879	927	-	927
Loss on disposal of assets	-	-	-	(224)	-	(224)
Gain on sale of former asset	-	-	-	207,092	-	207,092
Investment income	2,034	-	2,034	2,005	-	2,005
Total Support and Revenue	1,601,910	14,635	1,616,545	1,470,743	29,625	1,500,368
RECLASSIFICATIONS						
Net assets released for satisfaction of purpose restrictions	14,635	(14,635)	-	29,625	(29,625)	-
EXPENSES						
Program services	1,154,689	-	1,154,689	1,119,116	-	1,119,116
Management and general	255,620	-	255,620	264,942	-	264,942
Fund-raising	123,953	-	123,953	89,322	-	89,322
Total Expenses	1,534,262	-	1,534,262	1,473,380	-	1,473,380
Change in Net Assets	82,283	-	82,283	26,988	-	26,988
Net Assets, Beginning of Year	249,135	-	249,135	222,147	-	222,147
Net Assets, End of Year	\$ 331,418	\$ -	\$ 331,418	\$ 249,135	\$ -	\$ 249,135

See accompanying notes and independent auditor's report

GRAND RAPIDS YOUTH FOR CHRIST, INC.
DBA WEST MICHIGAN YOUTH FOR CHRIST, INC.

Statements of Functional Expenses

	2018				2017			
	Program Services	Management and General	Fund- Raising	Total	Program Services	Management and General	Fund- Raising	Total
Salaries and wages	\$ 658,351	\$ 164,275	\$ 68,593	\$ 891,219	\$ 690,269	\$ 173,949	\$ 49,228	\$ 913,446
Pension plan contributions	11,463	2,809	1,598	15,870	12,069	2,756	746	15,571
Other employee benefits	75,422	13,885	10,304	99,611	56,567	15,166	9,039	80,772
Payroll taxes	47,791	11,711	6,662	66,164	49,983	11,415	3,091	64,489
Professional services - accounting	-	7,350	-	7,350	-	7,325	-	7,325
Advertising and promotion	8,785	-	17,677	26,462	4,206	-	11,665	15,871
Office expenses	11,439	26,897	10,567	48,903	10,261	27,067	7,722	45,050
Information technology	2,782	6,317	-	9,099	3,624	6,417	-	10,041
Occupancy	72,623	13,587	3,397	89,607	67,290	12,107	3,027	82,424
Travel	23,651	2,938	-	26,589	22,044	2,494	420	24,958
Conferences, conventions and meetings	300	5,339	5,121	10,760	3,540	5,738	4,351	13,629
Depreciation and amortization	17,569	-	-	17,569	14,700	-	-	14,700
Insurance	19,680	512	34	20,226	20,106	508	33	20,647
Program expenses	204,833	-	-	204,833	164,457	-	-	164,457
Total Expenses	\$ 1,154,689	\$ 255,620	\$ 123,953	\$ 1,534,262	\$ 1,119,116	\$ 264,942	\$ 89,322	\$ 1,473,380

See accompanying notes and independent auditor's report

GRAND RAPIDS YOUTH FOR CHRIST, INC.
DBA WEST MICHIGAN YOUTH FOR CHRIST, INC.

Statements of Cash Flows

	For the Years Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 82,283	\$ 26,988
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Investment gains	(1,799)	(1,791)
(Gain) loss on sale or disposal of property and equipment	-	(206,868)
Depreciation and amortization	17,569	14,700
Change in:		
Accounts receivable	14,293	(14,293)
Contribution receivable	(192,687)	-
Prepaid expenses	(33,640)	(1,963)
Accounts payable	(4,660)	1,806
Accrued payroll and payroll taxes	(1,163)	(16,046)
Deferred revenue	4,230	4,332
	(115,574)	(193,135)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(82)	(170)
Proceeds from sales of property and equipment	-	207,092
Purchases of property and equipment	-	(55,286)
	(82)	151,636
Net Cash (Used) Provided by Investing Activities	(82)	151,636
Change in Cash and Cash Equivalents	(115,656)	(41,499)
Cash and Cash Equivalents, Beginning of Year	161,694	203,193
Cash and Cash Equivalents, End of Year	\$ 46,038	\$ 161,694

See accompanying notes and independent auditor's report

GRAND RAPIDS YOUTH FOR CHRIST, INC.
DBA WEST MICHIGAN YOUTH FOR CHRIST, INC.

Notes to Financial Statements

June 30, 2018 and 2017

1. NATURE OF ORGANIZATION

Grand Rapids Youth For Christ, Inc. DBA West Michigan Youth For Christ, Inc. (WMYFC) reaches 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 prayer and the Word of God, passion for sharing the love of Christ and commitment to social involvement.

WMYFC was incorporated in January 1968 under the laws of the state of Michigan to operate as a charitable organization within the meaning of Section 501(c)(3) of the Internal Revenue Code (code). It is exempt from federal and state income taxes, and contributions by the public are deductible within the limitations prescribed by the code. WMYFC has been classified as a public organization that is not a private foundation under Section 509(a) of the code.

WMYFC's revenues consist primarily of contributions from the public.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The more significant accounting policies are summarized below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of all cash on deposit and petty cash. Balances in the bank accounts may at times exceed federally insured limits. WMYFC has not experienced any losses in these accounts and management believes it is not exposed to any significant credit risk.

ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 consisted of overpayments on payroll tax expenditures for which requests for refunds have been submitted.

CONTRIBUTION RECEIVABLE

Unconditional promises to give are recognized as income when made and reported at realizable value based upon estimated future cash flows. Unconditional promises to give expected to be collected within one year are reported at net realizable value because the present value of estimated cash flows approximates net realizable value. Unconditional promises to give expected to be collected in future years are reported at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises are expected to be received. This discount rate is based on yields of U.S. treasury bills corresponding to the timing of the contributions receivable. Amortization of the discount is included in contributions revenue in the statements of activities. Management believes the contribution receivable balance at June 30, 2018 is fully collectible; there is, therefore, no allowance for doubtful promises to give.

PREPAID EXPENSES

Prepaid expenses consist of payments for a trip, camp, banquet and other goods and services which have been paid for prior to the end of the fiscal year and benefit the following fiscal year.

GRAND RAPIDS YOUTH FOR CHRIST, INC.
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Notes to Financial Statements

June 30, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued

INVESTMENTS

Investments consists of cash equivalents and an equity mutual fund holding received as a contribution. All holdings are carried at fair value based on quoted prices in active markets where applicable and estimated market value when no ready market exists. For purposes of determining gross realized gains and losses, the cost of securities sold is based on specific identification. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Donated investments are reported at market value at the date of donation and thereafter carried in accordance with the above policies.

PROPERTY AND EQUIPMENT

Property and equipment is reported at cost, estimated cost or fair value. Expenditures for property and equipment in excess of \$1,000 and having estimated useful lives of three years or more are capitalized at cost when purchased. Donated items are reported at their estimated fair values as of the date the gifts are received. Depreciation is reported using the straight-line method over the estimated useful lives of the assets, which range from three to forty years. Depreciation expense was \$17,569 and \$14,700 for the years ended June 30, 2018 and 2017, respectively.

DEFERRED REVENUE

Deferred revenue consists of payments received for campers for events occurring subsequent to June 30.

NET ASSETS

The financial statements report amounts by class of net assets as follows:

UNRESTRICTED NET ASSETS are those currently available for ministry purposes under the direction of the board (undesignated net assets) and those designated by the board for specific use.

TEMPORARILY RESTRICTED NET ASSETS are those subject to donor-imposed stipulations that may or will be met either by actions of WMYFC or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

PERMANENTLY RESTRICTED NET ASSETS result from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be removed by actions of the WMYFC board or its management. To date WMYFC has received no permanently restricted contributions.

SUPPORT AND REVENUE

Contributions are recorded when cash is received, unconditional promises are made or when ownership of donated assets is transferred. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to legal restrictions. Contributions are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

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Notes to Financial Statements

June 30, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued

SUPPORT AND REVENUE, continued

Contributions of assets other than cash and services are reported at their estimated fair value. WMYFC reports donations of property and equipment as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Property and equipment donated with restrictions regarding their 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 and placed in service, and a reclassification is made from temporarily restricted net assets to unrestricted net assets at that time.

All other revenues are recorded when earned.

GIFTS IN KIND

During the years ended June 30, 2018 and 2017, WMYFC received contributions of goods and services consisting of meals for club meetings having an estimated value of \$451 and \$791 and discounted leased rental space having an estimated value of \$8,827 and \$18,063, respectively. Contributions during the year ended June 30, 2017 also included carpet installation having an estimated value of \$2,500.

CONTRIBUTED SERVICES

During the year ended June 30, 2018, 113 individuals contributed to total of 12,428 hours of service having an estimated value of approximately \$223,700. During the year ended June 30, 2017, 193 individuals contributed their time and talents to WMYFC but total hours and the estimated value of those services is not available. The value of these services is not reflected in the financial statements because the services do not meet the definition of donated professional services under generally accepted accounting principles. Volunteers participate in various activities, including direct ministry to students and small groups, while others volunteer at the thrift store assisting customers and processing donated merchandise.

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are reported when incurred. The cost of providing the various program services and supporting activities have been presented on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities, benefitting from those expenditures.

ADVERTISING

WMYFC expenses advertising costs as they are incurred. Total advertising costs were \$976 and \$609 for the years ended June 30, 2018 and 2017, respectively.

3. CONTRIBUTION RECEIVABLE

The contribution receivable at June 30, 2018 is reported at its realizable value, which approximates its net present value and consists of a promise to give from a foundation. See Note 2 for a description of the accounting policy for promises to give.

GRAND RAPIDS YOUTH FOR CHRIST, INC.
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Notes to Financial Statements

June 30, 2018 and 2017

3. CONTRIBUTION RECEIVABLE, continued

The contribution receivable at June 30, 2018 is expected to be collected as follows:

Amounts due in:	
Less than one year	\$ 50,000
One year to five years	<u>150,000</u>
Estimated future cash flows of contribution receivable	200,000
Less:	
Unamortized discount	<u>(7,313)</u>
Net present value of contribution receivable	<u>\$ 192,687</u>

4. INVESTMENTS

Investments consists of the following:

	June 30, 2018		
	Fair Value	Carrying Value	Unrealized Gain (Loss)
Cash and cash equivalents	\$ 1,042	\$ 1,042	\$ -
Equity mutual fund	<u>13,952</u>	<u>10,044</u>	<u>3,908</u>
	<u>\$ 14,994</u>	<u>\$ 11,086</u>	<u>\$ 3,908</u>
	June 30, 2017		
	Fair Value	Carrying Value	Unrealized Gain (Loss)
Cash and cash equivalents	\$ 960	\$ 960	\$ -
Equity mutual fund	<u>12,153</u>	<u>10,044</u>	<u>2,109</u>
	<u>\$ 13,113</u>	<u>\$ 11,004</u>	<u>\$ 2,109</u>

WMYFC accounts for investments at fair value, which is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

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Notes to Financial Statements

June 30, 2018 and 2017

4. INVESTMENTS, continued

Financial accounting standards have established a hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Under the standards, three levels of inputs that may be used to measure fair value:

Level 1 - In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that WMYFC has the ability to access.

Level 2 - Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 - Level 3 inputs are unobservable inputs including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. WMYFC's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Investments are held and managed by Securities America and include allocations to a cash account and a mutual fund. Management has concluded that value of all holdings in the portfolio are determined using Level 1 measurement inputs.

Investment income for the years ended June 30, 2018 and 2017 consists of the following:

	June 30,	
	2018	2017
Dividends and interest	\$ 82	\$ 170
Net unrealized gains	1,799	1,791
	1,881	1,961
Other bank interest	153	44
Total investment income	<u>\$ 2,034</u>	<u>\$ 2,005</u>

5. RETIREMENT PLAN

WMYFC provides retirement benefits to its staff through a SIMPLE IRA defined contribution retirement plan, matching employee contributions on a dollar for dollar basis up to three percent of employee compensation. Contributions to the plan during the years ended June 30, 2018 and 2017 were \$15,870 and \$15,572, respectively.

GRAND RAPIDS YOUTH FOR CHRIST, INC.
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Notes to Financial Statements

June 30, 2018 and 2017

6. LEASE

WMYFC has an operating lease agreement for office space. The first of two parts of this agreement was initiated in 2016, terminates in December 2021 and requires monthly rental payments as follows:

Period	Monthly Rent
July 2016 - October 2016	\$ 1,495
November 2016 - December 2016	\$ 2,000
January 2017 - June 2017	\$ 2,800
July 2017 - December 2017	\$ 3,500
January 2018 - December 2018	\$ 3,675
January 2019 - December 2019	\$ 3,860
January 2020 - December 2020	\$ 4,050
January 2021 - December 2021	\$ 4,252

The second part of this agreement, effective January 2017, is on a month-to-month basis, required monthly payments of \$125 through December 2017 and requires monthly payments of \$130 thereafter.

As disclosed above under Gifts In Kind in Note 2, management considers payments made under this agreement to be below market and has therefore reported an in-kind contribution for the difference between the estimated fair value for the rented space and the amount paid.

WMYFC also has an informal agreement to rent space for its Zeeland, Michigan thrift store. During both years ended June 30, 2018 and 2017, monthly rent under this agreement was \$1,210.

Total lease expense for the years ended June 30, 2018 and 2017 under these agreements was \$60,890 and \$42,450, respectively.

Future minimum annual payments due under long-term leases are as follows:

Year Ending June 30,	
2019	\$ 45,210
2020	47,460
2021	49,812
2022	25,512
	\$ 167,994

7. CONCENTRATION

For the years ended June 30, 2018 and 2017, the top five donors provided 27 and 15 percent of total contributions, respectively.

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Notes to Financial Statements

June 30, 2018 and 2017

8. RELATED PARTY TRANSACTIONS

An individual serving as a board member during the year ended June 30, 2017 is employed by the investment company that manages WMYFC's employee retirement plan. The investment company receives compensation annually equal to 0.25 percent of total retirement plan assets and the board member receives approximately 80 percent of those commissions. Commissions paid to the investment company and to the board member for the year ended June 30, 2017 were approximately \$1,000. This individual did not serve on the board during the year ended June 30, 2018.

9. SALE OF PREVIOUSLY OWNED BUILDING

During the year ended June 30, 2017, a third party sold a building which WMYFC had owned previously. Per the terms of the sales contract with the third party, WMYFC received a portion of the proceeds from the sale totaling \$207,092. This is reflected in the statement of activities for the year ended June 30, 2017.

10. SUBSEQUENT EVENTS

Management has evaluated for potential recognition or disclosure in these financial statements subsequent events and transactions occurring through September 26, 2018, the date these financial statements were available to be issued. No such significant events or transactions were identified.