

YOKE YOUTH MINISTRIES

FINANCIAL STATEMENTS

For the Fiscal Year Ended December 31, 2023

Vance CPA LLC
Certified Public Accountants

402 S Northshore Drive • Knoxville, TN 37919
Tel. (706) 442-3084

YOKE YOUTH MINISTRIES

DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
YOKE Youth Ministries
Knoxville, Tennessee

Opinion

We have audited the accompanying financial statements of YOKE Youth Ministries (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YOKE Youth Ministries as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of YOKE Youth Ministries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about YOKE Youth Ministries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of YOKE Youth Ministries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about YOKE Youth Ministries' ability to continue as a going concern for a reasonable period of time.

November 14, 2024
Knoxville, Tennessee

Vance CPA LLC

Vance CPA LLC

YOKE YOUTH MINISTRIES
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

ASSETS

Current Assets

Cash and cash equivalents	\$ 158,248
Accounts receivable	<u>10,962</u>

Total current assets	<u>169,210</u>
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Non-Current Assets

Property and equipment, net	18,921
Investments	<u>46,397</u>

Total non-current assets	<u>65,318</u>
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Total Assets	<u>\$ 234,528</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accrued expenses	<u>12,357</u>
Total current liabilities	<u>12,357</u>

Net Assets

With donor restrictions	—
Without donor restrictions	<u>222,171</u>
Total net assets	<u>222,171</u>

Total Liabilities and Net Assets	<u>\$ 234,528</u>
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See accompanying independent auditors' report and notes.

**YOKE YOUTH MINISTRIES
STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

WITHOUT DONOR RESTRICTIONS

Support and Revenue	
Contributions	\$ 355,982
Fundraising campaigns	279,062
Program services	56,862
Interest income	<u>2</u>
Total Support and Revenue	<u>691,908</u>

EXPENSES

Program expenses	584,734
Management and general	43,951
Fundraising	<u>51,487</u>
Total Expenses	<u>680,172</u>

Change in Net Assets	11,736
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Net Assets, Beginning of Year	<u>210,435</u>
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Net Assets, End of Year	<u><u>\$ 222,171</u></u>
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See accompanying independent auditors' report and notes.

YOKE YOUTH MINISTRIES
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

	Program Services	Management & General	Fundraising	Total Expenses
Salaries	\$ 339,267	\$ 10,603	\$ 3,534	\$ 353,404
Employee benefits	43,495	15,995	601	60,091
Payroll taxes	26,737	835	278	27,850
Office expenses	9,399	293	98	9,790
Bank fees	—	1,884	—	1,884
Depreciation	—	6,290	—	6,290
Professional fees	—	7,500	—	7,500
Rent and occupancy	11,851	371	123	12,345
Transportation/travel	2,754	180	—	2,934
Fundraising	—	—	46,853	46,853
Programs - Knox	141,210	—	—	141,210
Programs - Blount	1,568	—	—	1,568
Programs - Jefferson	2,726	—	—	2,726
Programs - Anderson	471	—	—	471
Programs - Grainger	179	—	—	179
Staff development	<u>5,077</u>	<u>—</u>	<u>—</u>	<u>5,077</u>
Total Expenses by Function	<u>\$ 584,734</u>	<u>\$ 43,951</u>	<u>\$ 51,487</u>	<u>\$ 680,172</u>

See accompanying independent auditors' report and notes.

**YOKE YOUTH MINISTRIES
STATEMENT OF CASH FLOWS**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets \$ 11,736

Adjustments to reconcile - change in net assets
to net cash flows from operating activities:

Depreciation 6,290

Changes in operating assets and liabilities:

Accounts receivable (10,962)

Accrued expenses 5,244

Net Cash From Operating Activities 12,308

CASH FLOWS USED BY INVESTING ACTIVITIES

Net Cash From Investing Activities —

CASH FLOWS USED BY FINANCING ACTIVITIES

Net Cash From Financing Activities —

Net Increase in Cash and Cash Equivalents 12,308

Cash and Cash Equivalents, Beginning of Year 145,940

Cash and Cash Equivalents, End of Year \$ 158,248

See accompanying independent auditors' report and notes.

**YOKE YOUTH MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Operations and Basis of Accounting

YOKE Youth Ministries (“YOKE”) is a not-for-profit organization committed to mentoring middle school students through after school clubs, weekend and summer camps, and social activities designed to meet the relational and spiritual needs of adolescents. YOKE conducts weekly club meetings, tutoring programs, and camp activities in Knox, Anderson, Blount, Grainger, and Jefferson Counties in East Tennessee. YOKE’s primary funding sources are donor contributions and program services fees.

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis in conformity with generally accepted accounting principles. The statements are presented in accordance with the provisions of Statement of the Financial Accounting Standards Board (FASB) ASU 2016-14, Financial Statements of Not-for-Profit Entities. Under ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, with the goal of improving not-for-profit entity (NFP) financial statements to provide more useful information to donors, grantors, and other financial statement users. The ASU requires additional disclosures for expenses by nature and function and for the liquidity and availability of resources.

Basis of Presentation

Net assets, revenues, expenses, gains and losses are classified 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:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All contributions are considered to be available for net assets use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions or restricted support that increases those net asset classifications. The Organization had no restricted net assets as of December 31, 2023.

**YOKE YOUTH MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION
(continued)

Fair Value of Financial Instruments

The carrying amounts reported in the statement of financial position for cash and cash equivalents, pledge receivables, and accrued expenses approximate fair value based on the short-term nature of these instruments.

Revenues and Other Support

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets without donor restrictions. The Organization reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Expense Allocation

The Organization's expenses are presented on a function basis, showing basic program activities and support services. The Organization incurs costs and expenses related to its program services and supporting activities. Expenses that are directly related to, and can be assigned to, program services or a single supporting activity are charged directly to such function. Expenses that are related to more than one function are allocated between the appropriate functions. The most significant of the Organization's joint costs are the costs associated with salaries, payroll taxes, employee benefits, and rent. The Organization allocates these joint costs primarily using proportional methods based on the programs and supporting services benefited.

Income Tax Status

The Organization is a not-for-profit corporation and is exempt from Federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Contributions to the Organization are tax deductible within the limitations prescribed by the Code. The Organization files informational returns with the IRS and with the State of Tennessee. Those returns are subject to review by taxing authorities. All returns filed prior to 2018 are closed and not subject to review.

YOKE YOUTH MINISTRIES
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION
(continued)

The Organization accounts for uncertain tax positions using a two-step approach. The first step is to determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The second step is to measure and recognize in the financial statements the largest amount of benefit that is greater than 50% likely of being realized upon the ultimate settlement. The Organization had no uncertain tax positions that required significant adjustments to the financial statements as of December 31, 2023.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents and Investments

For the purpose of the statement of cash flows, YOKE considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents. At December 31, 2023, YOKE had investments considered to be cash equivalents.

Investments

Investments in equity securities with readily determinable market values and all debt securities are carried at fair value with realized and unrealized gains and losses included in the statement of activities. Donated investments are recorded at the fair value on the date of the contributions and thereafter carried in accordance with the above provisions.

Purchases and sales of securities are recorded at the settlement date. Investment income is reported in the period earned as an increase in net assets without donor restrictions unless the use of the assets received is limited by donor-imposed restrictions.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establishes a fair value hierarchy, which gives the highest priority to observable

**YOKE YOUTH MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION
(continued)

inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2), and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The investments are classified as level 1 of the fair value hierarchy as fully described in Note 4.

Property and Equipment

Property and equipment is stated at cost, except for property or equipment that is donated to YOKE which is recorded at estimated fair market value at the date received. Maintenance and repairs are expensed as incurred, betterments are capitalized and gains and losses from disposition are included in revenues and expenses. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Net Assets

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions.

YOKE reports gifts of long-lived assets as net assets without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions.

Contributed Goods and Services

Donated goods are recorded at fair value on the date received. YOKE recognizes donated services that create or enhances non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Expenses

The costs of providing various program services have been summarized on a financial basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities.

YOKE YOUTH MINISTRIES
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 2 - LIQUIDITY

YOKE consistently reviews its net assets balances with or without donor restrictions to ensure appropriate availability of assets to meet obligations as they come due. YOKE currently does not have any net assets that donor restricted. Therefore, financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Net assets without donor restrictions as of December 31, 2023

Cash and Cash Equivalents	\$ 158,248
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The Organization's main revenue source not subject to donor restrictions are from contributions and fundraising events. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other expenditures become due.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2023:

Land	\$ 18,000
Land improvements	9,799
Buildings	177,960
Office equipment	30,448
Audio-visual equipment	4,848
Furniture and fixtures	<u>33,274</u>
	274,329
Less: accumulated depreciation	<u>(255,408)</u>
Net Property and Equipment	<u>\$ 18,921</u>

Depreciation expense amounted to \$6,290 for the year ended December 31, 2023.

NOTE 4 – INVESTMENTS

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to

YOKE YOUTH MINISTRIES
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4 – INVESTMENTS (continued)

measure the fair value of its investments. When available, Yoke measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs include quoted prices for similar assets in active markets, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurement: The fair value of the endowment's mutual funds and exchange-traded funds are based on quoted net asset values of the shares held at year-end. All of the investments were Level 1 assets as of December 31, 2023.

Level 2 Fair Value Measurement: Level 2 inputs include quoted prices for similar assets in active markets or significant other observable inputs. There were no level 2 assets as of December 31, 2023.

Level 3 Fair Value Measurement: Level 3 inputs include investments where significant observable inputs are not available. There were no level 3 assets as of December 31, 2023.

Investments of the YOKE Youth Ministries on December 31, 2023, consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Gain (Loss)</u>
Mutual Funds	\$46,310	\$41,922	\$(4,388)
Exchange Traded Funds	4,566	4,187	(379)
Money Market Funds	<u>288</u>	<u>288</u>	<u>—</u>
Total	<u>\$51,164</u>	<u>\$46,397</u>	<u>\$(4,767)</u>

NOTE 5 – LINE OF CREDIT

On March 12, 2020, YOKE entered into a \$50,000 line of credit with a local bank to provide funds for short-term operating needs. The line of credit has been renewed annually. The line of credit is collateralized by property on Cecil Avenue. Principal will be due on demand. If no demand is made, principal and interest will be due in full upon maturity as outlined in the promissory note. The line of credit has a variable interest rate and the current rate as of December 31, 2023 is 4.25%. The interest rate is subject to change when the bank's base rate changes. There was no drawdown from the line of credit during 2023 and therefore Yoke incurred no interest expense.

NOTE 6 – CONCENTRATION

During the year ended December 31, 2023, the Organization received approximately 34% of its support from six donors. If a significant reduction in these levels of support were to occur, it could have a significant impact on the Organization's operations.

**YOKE YOUTH MINISTRIES
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2023

NOTE 7 – CONCENTRATION OF CREDIT RISK FOR CASH HELD AT BANK

The Organization's bank deposits consist of a checking and savings account. At December 31, 2023, the bank deposits did not exceed Federal Deposit Insurance Corporation insurance limits.

NOTE 8 – COMPENSATED ABSENCES

Employees of the organization are entitled to paid vacation and paid sick days off, depending on length of service and other factors. If employment is terminated before year end, employees will receive a payout of unused vacation time on a prorated basis. Any remaining vacation days at year end cannot be carried over to the following year. Employees can carry over a maximum of 60 sick days to the next calendar year. Any accrued sick days are forfeited upon termination. Due to the unpredictability of the circumstances and immaterial amount of unused employee vacation time maintained by employees, the Organization's policy has been to recognize the cost of compensated absences when actually paid.

NOTE 9 – FUNDRAISING EXPENSE

Total fundraising expense for the year ended December 31, 2023 was \$46,853. Fundraising expenses were approximately 17% of the total fundraising revenue. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

NOTE 10 – SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2023, the date of the most recent financial statements, have been evaluated for possible adjustments to the financial statements or disclosures is November 14, 2024, which is the date on which the financial statements were issued.