



**Young Catholic Professionals**

**Financial Statements  
December 31, 2018**

# Young Catholic Professionals

## Contents

---

Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



## **Independent Auditors' Report**

To the Board of Directors of  
Young Catholic Professionals

We have audited the accompanying financial statements of Young Catholic Professionals (Organization) which comprise the statement of financial position as of December 31, 2018, the related statements of activities, functional expenses 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 U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 includes 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 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 Young Catholic Professionals as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

A handwritten signature in cursive script that reads "Sutton Frost Cary".

A Limited Liability Partnership

Arlington, Texas  
October 21, 2019

**Young Catholic Professionals**  
**Statement of Financial Position**  
**December 31, 2018**

---

**Assets**

Cash	\$	572,720
Cash held for others		10,406
Chapter fees receivable, net		12,483
Unconditional promises to give		75,000
Prepaid expenses		31,192
		<hr/>
<b>Total assets</b>	<b>\$</b>	<b>701,801</b>
		<hr/> <hr/>

**Liabilities and Net Assets**

**Liabilities:**

Accounts payable	\$	1,668
Accrued expenses		14,764
Due to local chapters		10,406
Deferred revenue		39,978
		<hr/>
<b>Total liabilities</b>		<b>66,816</b>

**Net assets:**

Without donor restrictions		544,404
With donor restrictions		90,581
		<hr/>
<b>Total net assets</b>		<b>634,985</b>
		<hr/>
<b>Total liabilities and net assets</b>	<b>\$</b>	<b>701,801</b>
		<hr/> <hr/>

See notes to financial statements.

**Young Catholic Professionals**  
**Statement of Activities**  
**Year Ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and other support:</b>			
Contributions	\$ 253,751	\$ 160,950	\$ 414,701
Membership dues	47,962	-	47,962
Chapter fees	96,200	-	96,200
Special event, net of direct costs of \$26,832	126,470	-	126,470
Conference	21,005	-	21,005
In-kind contributions	125,586	-	125,586
Other revenue	32,749	-	32,749
Net assets released from restrictions	128,449	(128,449)	-
<b>Total revenue and other support</b>	<b>832,172</b>	<b>32,501</b>	<b>864,673</b>
<b>Expenses:</b>			
Program services	517,689	-	517,689
Management and general	151,303	-	151,303
Fundraising	102,719	-	102,719
<b>Total expenses</b>	<b>771,711</b>	<b>-</b>	<b>771,711</b>
<b>Change in net assets</b>	<b>60,461</b>	<b>32,501</b>	<b>92,962</b>
<b>Net assets at beginning of year</b>	<b>483,943</b>	<b>58,080</b>	<b>542,023</b>
<b>Net assets at end of year</b>	<b>\$ 544,404</b>	<b>\$ 90,581</b>	<b>\$ 634,985</b>

See notes to financial statements.

**Young Catholic Professionals  
Statement of Functional Expenses  
Year Ended December 31, 2018**

---

	Program Services		Total Program Services	Management and General	Fundraising	Total
	Chapter Development	Chapter Support				
Salaries, taxes and benefits	\$ 106,840	\$ 184,813	\$ 291,653	\$ 59,831	\$ 98,293	\$ 449,777
Occupancy	28,129	28,129	56,258	56,259	-	112,517
Legal and professional	-	19,961	19,961	8,826	-	28,787
Information technology	-	28,379	28,379	12,368	-	40,747
Special event	-	-	-	-	26,832	26,832
Conference	13,692	54,768	68,460	-	1,313	69,773
Travel	12,108	20,554	32,662	-	-	32,662
Bad debt expense	-	11,500	11,500	5,000	-	16,500
Miscellaneous expenses	5,538	3,278	8,816	9,019	3,113	20,948
<b>Total functional expenses</b>	<b>166,307</b>	<b>351,382</b>	<b>517,689</b>	<b>151,303</b>	<b>129,551</b>	<b>798,543</b>
<b>Less expenses included with revenues on the statement of activities:</b>						
Direct costs of special event	-	-	-	-	(26,832)	(26,832)
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 166,307</b>	<b>\$ 351,382</b>	<b>\$ 517,689</b>	<b>\$ 151,303</b>	<b>\$ 102,719</b>	<b>\$ 771,711</b>

See notes to financial statements.

**Young Catholic Professionals**  
**Statement of Cash Flow**  
**Year Ended December 31, 2018**

---

**Cash flows from operating activities:**

Change in net assets	\$	92,962
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Allowance for doubtful accounts		5,000
Change in assets and liabilities:		
Cash held for others		(1,593)
Chapter fees receivable		(7,483)
Unconditional promises to give		(72,500)
Prepaid expenses		(24,346)
Accounts payable		(3,482)
Accrued expenses		8,778
Due to local chapters		1,593
Deferred revenue		8,300

<b>Net cash provided by operating activities</b>		<b>7,229</b>
--	--	--------------

<b>Cash at beginning of year</b>		<b>565,491</b>
----------------------------------	--	----------------

<b>Cash at end of year</b>	<b>\$</b>	<b>572,720</b>
----------------------------	-----------	----------------

# Young Catholic Professionals

## Notes to Financial Statements

---

### 1. Organization

Young Catholic Professionals (Organization) was founded in 2010 to help driven, Catholic professionals in their 20's and 30's connect with one another and grow in their Catholic faith. The Organization oversees training, development and implementation of each individual, local chapter throughout the country, and provides ongoing direction and support after startup. Local chapters rely on the Organization for ongoing guidance, direction and support. The Organization operates as a franchise model and is primarily supported by chapter fees, special events, and contributions from individuals and other organizations. During 2018, the Organization was operating with chapters in 19 U.S. cities.

### 2. Summary of Significant Accounting Policies

The accounting policies of the Organization conform to U.S. generally accepted accounting principles (GAAP). The more significant policies of the Organization are described below.

#### *Financial Statement Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

*Net assets with donor restrictions* - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a board of directors approved spending policy. As of December 31, 2018, no such net asset restrictions existed.

## **Young Catholic Professionals**

### **Notes to Financial Statements**

---

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization chooses to show contributions with donor restrictions whose restrictions are met in the same reporting period as contributions without donor restrictions.

#### ***Financial Instruments and Credit Risk Concentrations***

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash, chapter fees receivable and unconditional promises to give. Cash is placed with high credit quality financial institutions, which at times may exceed federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018 cash balances exceeded federally insured limits by \$300,754.

Chapter fees receivable and unconditional promises to give are unsecured and are primarily due from various local chapters and donors. The Organization continually evaluates the collectability of accounts receivable and unconditional promises to give and maintains allowances for potential losses, if considered necessary.

#### ***Chapter Fees Receivable***

The Organization carries receivables due from various chapters for chapter fees, carried at standard cost, less allowance for doubtful accounts.

#### ***Deferred Revenue***

Deferred revenue represents chapter fees paid in advance by various city chapters.

#### ***Revenue Recognition***

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Conditional grant receipts for which expenditures will be incurred in future periods are classified as deferred revenue.

## **Young Catholic Professionals**

### **Notes to Financial Statements**

---

Membership dues, chapter fees and conference revenue are recorded as income in the accounting period to which they relate. Revenues received for future years are deferred to the appropriate period. All membership dues and chapter fees are recognizable within one year.

#### ***Income Taxes***

The Organization is recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511. The Organization did not have a material unrelated business income tax liability as of December 31, 2018. Therefore, no tax provision or liability has been reported in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2018 there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

#### ***In-Kind Contributions***

Donated occupancy and professional services are reflected as contributions at their estimated fair values at date of receipt. The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The estimated value of in-kind contributions are reflected as donated support with an offsetting expense in the accompanying financial statements. The Organization received in-kind contributions that qualified for recognition during the year ended December 31, 2018 totaling \$125,586.

#### ***Allocation of Functional Expenses***

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the various functions. Costs are allocated between program services and support services based on management's judgment considering time spent or direct relation to the program or support service benefited.

## Young Catholic Professionals

### Notes to Financial Statements

---

#### ***Estimates and Assumptions***

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### ***New Accounting Pronouncements***

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB's Accounting Standards Codification.

The Organization considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Organization's financial position and changes in net assets.

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity should recognize revenue when (or as) the entity satisfies a performance obligation. Not-for-profit entities must consider whether certain arrangements are fully or partially subject to Topic 606. Examples include, but are not limited to memberships, sponsorships, grants and contracts. Further, judgment is required to bifurcate transactions between contribution and exchange components. The effective date of ASU 2014-09 is for annual periods beginning after December 15, 2018 for the majority of not-for-profit organizations.

In 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Made* to address difficulty and diversity in practice among not-for-profit entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Topic 958, *Not-for-Profit Entities* or as exchanges (reciprocal transactions) subject to Topic 606 and (2) determining between conditional and unconditional contributions. This ASU applies to all entities that receive or make contributions. The term used in the presentation of financial statements to label revenue (for example, contribution, grant, donation) that is accounted for within Topic 958 is not a factor for determining whether an agreement is within the scope of that guidance. The standard is effective for annual periods beginning after December 15, 2018 for the majority of not-for-profit entities. The changes in this standard should generally be applied on a retrospective basis in the year that it is first applied.

## Young Catholic Professionals Notes to Financial Statements

---

In 2016, the FASB issued its leasing standard in ASU 2016-02, *Leases* for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2020.

The Organization is currently assessing the impact that adopting this new guidance will have on the financial statements.

### ***Accounting Pronouncements Adopted***

The Organization adopted FASB ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities* as of and for the year ended December 31, 2018. As result, the major changes applicable for the Organization include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, and (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources. The adoption of this ASU had no effect on net assets or the change in net assets presented for the year ended December 31, 2018.

### **3. Cash Held for Others**

The Organization collects and distributes membership dues and contributions on behalf of the local chapters. Membership dues and contributions collected but not yet remitted to the various city chapters totaled \$10,406 at year end are presented as cash held for others with a corresponding liability reported as due to local chapters.

### **4. Chapter Fees Receivable**

Chapter fees receivable at December 31, 2018 are as follows:

Chapter fees receivable	\$ 27,483
Allowance for doubtful accounts	<u>(15,000)</u>
Chapter fees receivable, net	<u><u>\$ 12,483</u></u>

**Young Catholic Professionals**  
**Notes to Financial Statements**

---

**5. Net Assets With Donor Restrictions**

Net assets with donor restrictions totaling \$90,581 are available for the Pathway Project as of December 31, 2018.

**6. Related Party Transactions**

The Organization has unconditional promises to give from one board member totaling \$75,000 at December 31, 2018. During 2018, the Organization received \$135,000 in contributions from various board members.

**7. In-kind Contributions**

During the year ended December 31, 2018, the Organization received in-kind donations as follows:

Professional services	\$ 13,069
Occupancy	<u>112,517</u>
	<u>\$ 125,586</u>

**8. Liquidity and Availability of Resources**

The Organization has \$660,203 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of \$572,720, chapter fees receivable net of allowance for doubtful accounts of \$12,483, and unconditional promises to give of \$75,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The chapter fees receivable and unconditional promises to give are expected to be collected within one year. The Organization has a goal to maintain financial assets, which consist of cash and receivables on hand to meet 60 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**9. Subsequent Events**

The Organization evaluated subsequent events through the date the financial statements were available to be issued and concluded that no additional disclosures are required.