

YOUTH WITH A MISSION/GLEANINGS FOR THE HUNGRY

**FINANCIAL STATEMENTS
WITH INDEPENDENT ACCOUNTANT'S REPORT**

DECEMBER 31, 2018 AND 2017

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Youth With a Mission/Gleanings for the Hungry
Dinuba, California

We have reviewed the accompanying financial statements of Youth With a Mission/Gleanings for the Hungry (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Pine, Pedroncelli & Alguire, Inc

Visalia, California
August 9, 2019

YOUTH WITH A MISSION/GLEANINGS FOR THE HUNGRY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash	\$ 232,251	\$ 270,616
Investments	82,392	-
Inventory - Food and Supplies	1,357,328	947,035
Inventory - Gift Shop	<u>5,977</u>	<u>7,179</u>
Total Current Assets	1,677,948	1,224,830
PROPERTY AND EQUIPMENT, NET	<u>2,492,386</u>	<u>2,417,395</u>
TOTAL ASSETS	<u>\$ 4,170,334</u>	<u>\$ 3,642,225</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ <u>33,720</u>	\$ <u>17,589</u>
Total Liabilities	<u>33,720</u>	<u>17,589</u>
NET ASSETS		
With Donor Restrictions	73,505	37,647
Without Donor Restrictions	<u>4,063,109</u>	<u>3,586,989</u>
Total Net Assets	<u>4,136,614</u>	<u>3,624,636</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,170,334</u>	<u>\$ 3,642,225</u>

The accompanying notes are an integral part of these financial statements.

**YOUTH WITH A MISSION/GLEANINGS FOR THE HUNGRY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS						
SUPPORT						
Contributions - General	\$ 569,302	\$ 441,717	\$ 1,011,019	\$ 626,932	\$ 721,139	\$ 1,348,071
Mission Contributions	3,534	244,349	247,883	50,930	143,832	194,762
Donated Food and Supplies	4,282,672	-	4,282,672	4,822,375	-	4,822,375
Donated Stock	146,410	-	146,410	76,856	-	76,856
Total Support	5,001,918	686,066	5,687,984	5,577,093	864,971	6,442,064
REVENUE						
Staff, Student and Group Fees	114,105	-	114,105	146,128	-	146,128
Gift Shop Sales, Net	1,245	-	1,245	(6,597)	-	(6,597)
Interest Income	35	-	35	545	-	545
Realized Gain on Investments	29,343	-	29,343	-	-	-
Unrealized Loss on Investments	(30,151)	-	(30,151)	-	-	-
Other Income	30,686	-	30,686	52,804	-	52,804
TOTAL REVENUE	145,263	-	145,263	192,880	-	192,880
TOTAL SUPPORT AND REVENUE	5,147,181	686,066	5,833,247	5,769,973	864,971	6,634,944
NET ASSETS RELEASED FROM RESTRICTIONS	690,417	(690,417)	-	926,978	(926,978)	-
TOTAL SUPPORT, REVENUE, AND RECLASSIFICATIONS	5,837,598	(4,351)	5,833,247	6,696,951	(62,007)	6,634,944

The accompanying notes are an integral part of these financial statements.

**YOUTH WITH A MISSION/GLEANINGS FOR THE HUNGRY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES						
Program Services	\$ 5,076,167	\$ -	\$ 5,076,167	\$ 6,262,779	\$ -	\$ 6,262,779
Supporting Services						
Management and General	193,683	-	193,683	229,889	-	229,889
Fundraising	51,419	-	51,419	59,125	-	59,125
TOTAL EXPENSES	<u>5,321,269</u>	<u>-</u>	<u>5,321,269</u>	<u>6,551,793</u>	<u>-</u>	<u>6,551,793</u>
CHANGE IN NET ASSETS	516,329	(4,351)	511,978	145,158	(62,007)	83,151
NET ASSETS, Beginning of the Year	3,586,989	37,647	3,624,636	3,410,458	99,654	3,510,112
RECLASSIFICATION OF PRIOR YEAR NET ASSET BALANCES	(40,209)	40,209	-	-	-	-
PRIOR YEAR ADJUSTMENT	-	-	-	31,373	-	31,373
NET ASSETS, End of the Year	<u>\$ 4,063,109</u>	<u>\$ 73,505</u>	<u>\$ 4,136,614</u>	<u>\$ 3,586,989</u>	<u>\$ 37,647</u>	<u>\$ 3,624,636</u>

The accompanying notes are an integral part of these financial statements.

**YOUTH WITH A MISSION/GLEANINGS FOR THE HUNGRY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018			2017			
	Ministry Services	Support Services		Ministry Services	Support Services		
		Management and General	Fundraising		Management and General	Fundraising	Total
Automotive	\$ 33,110	\$ 14,606	\$ 973	\$ 25,644	\$ 11,313	\$ 754	\$ 37,711
Bank Charges	6,006	3,002	1,001	6,049	3,024	1,008	10,081
Contributions and Mission Support	281,420	5,863	5,863	433,099	9,023	9,023	451,145
Food Donations	3,861,379	-	-	4,834,452	-	-	4,834,452
Depreciation	63,892	27,382	-	61,572	26,388	-	87,960
Dues and Subscriptions	32	8	-	289	72	-	361
Food and Supplies	70,272	20,078	10,039	85,520	24,435	12,217	122,172
Housing Supplies	326,109	-	-	261,677	-	-	261,677
Insurance	21,113	5,414	541	26,335	6,753	675	33,763
Legal and Professional	-	18,000	-	-	22,500	-	22,500
Maintenance and Repairs	50,502	11,363	1,262	74,884	16,849	1,872	93,605
Office Supplies	17,485	19,847	9,922	8,393	9,527	4,763	22,683
Outreach and Discipleship Training	111,036	-	-	134,153	-	-	134,153
Plant Supplies	175,691	46,851	11,713	186,032	49,609	12,402	248,043
Printing	-	-	-	6,104	1,526	7,631	15,261
Promotion	1,194	797	5,976	751	501	3,757	5,009
Taxes and Licenses	10,356	1,151	-	8,501	945	-	9,446
Telephone	7,305	1,686	2,248	4,797	1,107	1,476	7,380
Travel	8,624	4,312	1,437	13,359	6,679	2,226	22,264
Utilities	30,642	13,322	444	91,168	39,638	1,321	132,127
TOTAL EXPENSES	\$ 5,076,167	\$ 193,683	\$ 51,419	\$ 6,262,779	\$ 229,889	\$ 59,125	\$ 6,551,793

The accompanying notes are an integral part of these financial statements.

**YOUTH WITH A MISSION/GLEANINGS FOR THE HUNGRY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 511,978	\$ 83,151
Adjustments to Reconcile Change in Net Assets to Net Cash		
Flows from Operating Activities:		
Depreciation	91,274	87,960
Gain on Sale of Investments	(29,943)	-
Unrealized Loss on Investments	30,151	-
(Increase) Decrease in Donated Inventory	(410,293)	22,771
Decrease in Gift Shop Inventory	1,202	3,299
Decrease in Receivables	-	18,206
Increase (Decrease) in Accounts Payable	16,131	(24,834)
Net Cash Flows Provided by Operating Activities	<u>210,500</u>	<u>190,553</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of Property and Equipment	(166,265)	(428,772)
Acquisition of Investments	(145,810)	-
Proceeds from Sale of Investments	63,210	-
Net Cash Used by Investing Activities	<u>(248,865)</u>	<u>(428,772)</u>
Net Decrease in Cash	(38,365)	(238,219)
Cash - Beginning of Period	<u>270,616</u>	<u>508,835</u>
CASH - END OF PERIOD	<u>\$ 232,251</u>	<u>\$ 270,616</u>
SUPPLEMENTARY INFORMATION:		
NONCASH INVESTING ACTIVITY:		
Donated Property and Equipment	<u>\$ 11,000</u>	<u>\$ 3,134</u>

The accompanying notes are an integral part of these financial statements.

YOUTH WITH A MISSION/GLEANINGS FOR THE HUNGRY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. Summary of Significant Accounting Policies

Nature of Activities

Youth With a Mission/Gleanings for the Hungry is a religious, non-profit Organization that was incorporated under the laws of the State of California on January 7, 1987.

The Organization's vision is to feed the hungry of the world, both physically and spiritually. With the help of thousands of volunteers, the Organization is able to receive, process and ship dried foods to needy and disaster areas of the world.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents that have an original maturity of three months or less are considered cash equivalents. The Organization maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits.

Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair value based on quoted prices in active markets (all Level 1 measurements). Real estate investments and equity securities without readily determinable fair values are stated at cost.

Property and Equipment

Equipment is depreciated using the straight-line method over the estimated useful life. It is the Organization's practice to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

Depreciation expense for the years ended December 31, 2018 and 2017 was \$91,274 and \$87,960, respectively. When property or equipment is sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized in the year of sale or disposition.

Income Taxes

The Organization received an exemption from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, these statements do not reflect income taxes on earnings.

YOUTH WITH A MISSION/GLEANINGS FOR THE HUNGRY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions, if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

Inventory - Donated

The Organization's donated inventory consists of food and supplies. The Organization's practice is to present the donated food and supplies inventory at sixty-six percent of their fair value.

Inventory - Gift Shop

Gift shop inventory consists of items for sale through the Organization gift shop. They are stated at the lower of cost (first-in, first-out) or net realizable value.

In-Kind Donations

In-kind donations are reflected at their fair value at date of donation. In-kind donations of food are reflected at sixty-six percent of their fair value at date of donation. All in-kind donations are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Functional Expenses

The financial statements of Youth With a Mission/Gleanings for the Hungry report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy expenses, which are allocated on a square footage basis.

YOUTH WITH A MISSION/GLEANINGS FOR THE HUNGRY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncement Adopted

During the year ended December 31, 2018, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented, except for liquidity and availability of financial assets note (see Note 7).

Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 9, 2019, and the date the financial statements were available to be issued.

2. Inventory

Inventory consists of donated food and supplies and items available for sale in the gift store. The donated inventory is not available for sale and is valued at sixty-six percent of fair market value. The value of donated inventory is determined by a year end count of units on hand multiplied by sixty-six percent of the fair market (wholesale) price per unit. The gift store inventory is stated at the lower of cost or net realizable value (first-in, first-out). Inventory consisted of the following:

	<u>2018</u>	<u>2017</u>
Donated Food	\$ 1,266,295	\$ 875,471
Donated Supplies	<u>91,033</u>	<u>71,564</u>
Donated Inventory Total	<u>\$ 1,357,328</u>	<u>\$ 947,035</u>
Gift Shop Inventory	<u>\$ 5,977</u>	<u>\$ 7,179</u>

YOUTH WITH A MISSION/GLEANINGS FOR THE HUNGRY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

3. Property and Equipment

Property and equipment consisted of the following as of December 31, :

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Land	\$ 211,750	\$ -	\$ -	\$ 211,750
Buildings	1,108,398	-	-	1,108,398
Construction In Progress	2,334	51,105	2,334	51,105
Property Improvements	2,364,803	60,321	-	2,425,124
Furniture and Fixtures	85,325	500	-	85,825
Equipment	473,101	-	-	473,101
Computers	17,283	873	-	18,156
Vehicles	232,468	55,800	-	288,268
	<u>4,495,462</u>	<u>\$ 168,599</u>	<u>\$ 2,334</u>	4,661,727
Accumulated Depreciation	<u>2,078,067</u>	<u>\$ 91,274</u>	<u>\$ -</u>	<u>2,169,341</u>
Net Property and Equipment	<u>\$ 2,417,395</u>			<u>\$ 2,492,386</u>

4. Gift Shop Sales

Sales to the public include merchandise sales. Cost of sales to the public include costs of merchandise. Profit and Loss on sales to the public for the years ended December 31, 2018 and 2017, is as follows:

	2018	2017
Sales to the Public	\$ 20,520	\$ 20,474
Cost of Sales to the Public	<u>(19,275)</u>	<u>(27,071)</u>
	<u>\$ 1,245</u>	<u>\$ (6,597)</u>

YOUTH WITH A MISSION/GLEANINGS FOR THE HUNGRY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

5. Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Pooled separate accounts which wrap a single mutual fund as the underlying investment: The fair value of the mutual fund is a publicly quoted pricing input (level 1) and is used in determining the net asset value of the pooled separate account, which is not publicly quoted. Assigned input level 1.

YOUTH WITH A MISSION/GLEANINGS FOR THE HUNGRY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

5. Fair Value Measurements (Continued)

The following table sets forth by level within the fair value hierarchy, the Organization's assets at fair value as December 31, 2018:

<u>Investment Category</u>	<u>Assets at Fair Value as of December 31, 2018</u>			
	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
Stocks, Options, and ETFs	\$ 82,392	\$ -	\$ -	\$ 82,392
Total Assets at Fair Value	<u>\$ 82,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,392</u>

6. Net Assets With Donor Restrictions

Youth With a Mission/Gleanings for the Hungry's net assets with donor restrictions are restricted for the following purposes:

	<u>2018</u>	<u>2017</u>
Austin Rivera - Cambodia	\$ 325	\$ 150
Mission of Grace - Haiti	295	2,234
Children of Grace - SACH	50	150
God's Plan Orphanage	964	115
Sower's Kids	(1,265)	1,618
Hope of the Nations	-	100
Uzbekistan	472	4,412
Mission Outreach - Haiti	22,650	23,133
Mission Outreach - Greece	548	-
Mission Outreach - Staff	6,250	5,735
Special Projects	33,786	-
Health & Wellness	9,430	-
	<u>\$ 73,505</u>	<u>\$ 37,647</u>

**YOUTH WITH A MISSION/GLEANINGS FOR THE HUNGRY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

7. Liquidity and Availability of Financial Assets

Youth With a Mission/Gleanings for the Hungry has \$314,643 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$232,251 and investments of \$82,392. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure. The Organization is required to maintain financial assets to meet three months of general operations.

8. Prior Year Adjustment

During the year ended December 31, 2017 it was discovered that the Organization had purchased a piece of equipment in calendar year 2015 that had not been capitalized as a fixed asset in accordance with their capitalization policy.

Original Cost \$	34,860
Allowable Depreciation	<u>(3,487)</u>
Prior Year Adjustment, Net \$	<u><u>31,373</u></u>