

Interfaith Youth Core

Financial Statements

Years Ended July 31, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Interfaith Youth Core
Chicago, Illinois

We have audited the accompanying financial statements of the Interfaith Youth Core (IFYC), which comprise the statement of financial position as of July 31, 2014 and 2013, and the related statements of activities 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 U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider 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 the Interfaith Youth Core as of July 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

INDEPENDENT AUDITORS' REPORT – Continued

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on pages 14 - 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mann Weitz & Associates LLC

MANN. WEITZ & ASSOCIATES L.L.C.

Deerfield, Illinois

January 27, 2015

INTERFAITH YOUTH CORE

STATEMENT OF FINANCIAL POSITION
JULY 31, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 2,635,052	\$ 1,991,821
Investments - Note 2	757,646	581,371
Accounts receivable	53,031	86,948
Grants and contributions receivable - Notes 3 and 7	2,626,824	2,248,279
Prepaid expenses	140,801	116,021
	<hr/>	<hr/>
Total Current Assets	6,213,354	5,024,440
 <u>PROPERTY AND EQUIPMENT</u> - Note 4	 208,330	 245,371
 <u>NONCURRENT ASSETS</u>		
Grants and contributions receivable - Notes 3 and 7	2,726,710	3,618,374
	<hr/>	<hr/>
Total Assets	<u>\$ 9,148,394</u>	<u>\$ 8,888,185</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 47,316	\$ 35,905
Grants payable	352,017	
Accrued expenses	12,680	2,508
Accrued payroll	61,482	67,399
Accrued rent - Note 8	20,503	15,152
Deferred revenue	34,176	62,469
	<hr/>	<hr/>
Total Current Liabilities	528,174	183,433
 <u>NONCURRENT LIABILITIES</u>		
Accrued rent - Note 8	35,364	55,867
	<hr/>	<hr/>
Total Liabilities	563,538	239,300
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Unrestricted	2,676,084	2,046,494
Temporarily restricted - Note 5	5,908,772	6,602,391
	<hr/>	<hr/>
Total Net Assets	8,584,856	8,648,885
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 9,148,394</u>	<u>\$ 8,888,185</u>

The accompanying notes are an integral part of this statement.

INTERFAITH YOUTH CORE
STATEMENT OF ACTIVITIES
YEARS ENDED JULY 31, 2014 AND 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>REVENUES, GAINS AND OTHER SUPPORT</u>						
Grants and contributions - Note 7						
Individual	\$ 395,227	\$ 1,571,349	\$ 1,966,576	\$ 441,312	\$ 25,000	\$ 466,312
Foundation/trust grant	318,590	1,659,075	1,977,665	2,155,000	6,585,612	8,740,612
Publications	1,775		1,775	24,677		24,677
Seminars and workshops	102,494		102,494	44,437		44,437
University revenue	192,015		192,015	447,730		447,730
Interest and dividends	1,925		1,925	1,781		1,781
Donated services and facilities - Note 9	31,466		31,466	47,848		47,848
Other revenue	2,636		2,636	5,618		5,618
Survey revenue	49,200		49,200	38,500		38,500
Honorariums	285,409		285,409	95,535		95,535
Total Revenues and Gains	1,380,737	3,230,424	4,611,161	3,302,438	6,610,612	9,913,050
Net assets released from restrictions - Note 6	3,924,043	(3,924,043)		869,170	(869,170)	
Total Revenues, Gains and Other Support	5,304,780	(693,619)	4,611,161	4,171,608	5,741,442	9,913,050
<u>EXPENSES</u>						
Program Services						
Executive office	376,243		376,243	555,451		555,451
Campus partnerships	1,668,232		1,668,232	902,148		902,148
Leadership	1,300,026		1,300,026	951,151		951,151
Communications	387,172		387,172	248,008		248,008
Total Program Services	3,731,673		3,731,673	2,656,758		2,656,758
Supporting Services						
Management and general	442,969		442,969	601,226		601,226
Fundraising	500,548		500,548	407,131		407,131
Total Supporting Services	943,517		943,517	1,008,357		1,008,357
Total Expenses	4,675,190		4,675,190	3,665,115		3,665,115
CHANGE IN NET ASSETS	629,590	(693,619)	(64,029)	506,493	5,741,442	6,247,935
<u>NET ASSETS</u>						
Beginning of year	2,046,494	6,602,391	8,648,885	1,540,001	860,949	2,400,950
End of year	\$ 2,676,084	\$ 5,908,772	\$ 8,584,856	\$ 2,046,494	\$ 6,602,391	\$ 8,648,885

The accompanying notes are an integral part of this statement.

INTERFAITH YOUTH CORE

STATEMENT OF CASH FLOWS
YEARS ENDED JULY 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (64,029)	\$ 6,247,935
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	105,297	116,941
Contributed stock	(176,888)	(127,049)
Net (increase) decrease in assets		
Accounts receivable	33,917	37,239
Grants and contributions receivable	513,119	(5,252,883)
Prepaid expenses	(24,780)	(64,184)
Net increase (decrease) in liabilities		
Accounts payable	11,411	(83,568)
Grants payable	352,017	
Accrued expenses	10,172	981
Accrued payroll	(5,917)	1,217
Accrued rent	(15,152)	71,019
Deferred revenue	(28,293)	20,969
	<u>710,874</u>	<u>968,617</u>
Net Cash Provided by Operating Activities		
	<u>710,874</u>	<u>968,617</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(68,256)	(217,334)
Purchase of investments	(175,589)	(2)
Proceeds from sale of investments	176,202	400,000
	<u>176,202</u>	<u>400,000</u>
Net Cash Provided by (Used for) Investing Activities	<u>(67,643)</u>	<u>182,664</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	643,231	1,151,281
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning of year	1,991,821	840,540
End of year	<u>\$ 2,635,052</u>	<u>\$ 1,991,821</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES

During the year ended July 31, 2014 and 2013, IFYC received \$176,888 and \$127,049 of contributed stock, respectively.

The accompanying notes are an integral part of this statement.

INTERFAITH YOUTH CORE

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES AND ORGANIZATION

The Interfaith Youth Core (IFYC) is an Illinois nonprofit corporation. Established in 2002, IFYC's mission is to make interfaith cooperation a social norm. Focusing on the higher education sector for its catalytic impact on broader society, IFYC has three strategically aligned program areas. Leadership programs nurture and network a critical mass of interfaith leaders, especially college students, and build an alumni base committed to a lifetime of interfaith leadership. Campus Partnership programs spread the vision and build capacity for sustainable interfaith cooperation on college campuses nationwide. Communications programs give voice to the interfaith movement through a range of media platforms and change public discourse from the inevitability of religious conflict to the possibility of interfaith cooperation. IFYC's funding is derived primarily from individual and foundation gifts, seminars and workshops, speaking honoraria, and university contracts. IFYC is based in Chicago, Illinois.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared using the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

BASIS OF PRESENTATION

Information regarding the financial position and activities of IFYC are reported in three classes of net assets (as applicable): unrestricted, temporarily restricted and permanently restricted, which are based on the existence or absence of externally (donor) imposed restrictions on contributions. Accordingly, net assets of IFYC and changes therein are classified and reported as follows:

- Unrestricted net assets - Unrestricted net assets are not subject to donor-imposed stipulations. They include all activities of IFYC, except for those amounts that are temporarily or permanently restricted by external donors.
- Temporarily restricted net assets - Temporarily restricted net assets are subject to donor-imposed stipulations that can be removed through the passage of time (time restrictions) or actions of IFYC (purpose restrictions).
- Permanently restricted net assets - Permanently restricted net assets are subject to the restrictions imposed by donors who require that the principal of these classes of net assets be invested in perpetuity and only the investment income be expended. IFYC currently does not have any permanently restricted amounts.

IFYC reports its expenses by function (i.e., by program).

INTERFAITH YOUTH CORE

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

CASH EQUIVALENTS

IFYC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, excluding those amounts contained in the investment account.

CONCENTRATION OF CREDIT RISK

IFYC maintains cash balances in one financial institution that at certain times exceeded the insured limits provided by the Federal Deposit Insurance Corporation (FDIC).

INVESTMENTS

Investments consist of money market funds and are recorded at fair value. Fair value measurements under FASB ASC 820 are categorized as: level 1, fair value measured using quoted market prices; level 2, using other observable inputs; or level 3, using significant unobservable inputs.

All of the IFYC's investments are valued using quoted market prices, level 1. All investment income is included in the statement of activities.

ALLOWANCE FOR DOUBTFUL PLEDGES

IFYC uses the allowance method to account for uncollectible pledges receivable. There was an allowance of \$4,500 at July 31, 2014. No allowance was required at July 31, 2013.

PROPERTY AND EQUIPMENT

Property and equipment is recorded at historical cost. IFYC capitalizes fixed asset additions over \$1,000. Depreciation is computed by use of the straight-line method for substantially all property and equipment. The estimated useful lives used in computing depreciation are as follows:

<u>Description</u>	<u>Years</u>
Computer equipment	3
Furniture and equipment	5
Website	3
Leasehold improvements	Life of lease

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in the statement of activities.

INTERFAITH YOUTH CORE

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

CONTRIBUTIONS

Contributions are considered to be available for unrestricted 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 temporarily restricted support that increases that net asset class. Contributions of cash and other assets are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Contributions are recognized when the donor makes a promise to give to IFYC that is, in substance, unconditional. Promises to give payable over more than one year are recorded at present value.

INCOME TAXES

IFYC is a nonprofit corporation which has been granted a tax-exempt status as a public charity under Section 501(c)(3) of the Internal Revenue Code for all business income related to the organization's tax-exempt purpose. IFYC had no unrelated business income during the years ended July 31, 2014 and 2013.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses which are easily and directly associated with a particular program or supporting service are allocated directly to that functional category. Certain costs have been allocated among the program and supporting services benefited based on an estimate of time devoted to the functional areas.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and expenses during the reporting period. Actual results could differ from those estimates.

EVALUATION OF TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. As of July 31, 2014 and 2013, IFYC had no uncertain tax positions that qualify for recognition or disclosure in the financial statements. The federal and state tax returns of IFYC for tax years 2010, 2011, and 2012 are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after they are filed.

INTERFAITH YOUTH CORE

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

SUBSEQUENT EVENTS

IFYC has evaluated subsequent events for potential recognition and/or disclosures through January 27, 2015, the date the financial statements were available to be issued.

2. INVESTMENTS

At July 31, 2014 and 2013, investments consist of a money market account with a balance of \$757,646 and \$581,371, respectively.

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at July 31, 2014, are due as follows:

Due within one year	\$ 2,668,603
Due within two to five years	2,750,000
Less: Discount to present value	<u>(65,069)</u>
Net Grants and Contributions Receivable	<u>\$ 5,353,534</u>

IFYC used a rate of 1% on fiscal years 2014 and 2013 pledges to calculate the present value of the grants receivable.

4. PROPERTY AND EQUIPMENT

A summary of fixed assets and accumulated depreciation at July 31, 2014 and 2013, is as follows:

	<u>2014</u>	<u>2013</u>
Computer equipment	\$ 33,939	\$ 33,939
Website	309,198	240,942
Leasehold improvements	170,458	170,458
Furniture and equipment	<u>58,265</u>	<u>58,265</u>
	571,860	\$ 503,604
Less: Accumulated depreciation	<u>363,530</u>	<u>258,233</u>
Net Property and Equipment	<u>\$ 208,330</u>	<u>\$ 245,371</u>

Depreciation expense was \$105,297 and \$116,941 for the years ended July 31, 2014 and 2013.

INTERFAITH YOUTH CORE

NOTES TO FINANCIAL STATEMENTS

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following at July 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Campus partnerships	\$ 275,423	\$ 526,924
Development		2,500
Leadership	618,333	567,083
Communication		50,000
Time restrictions	<u>5,015,016</u>	<u>5,455,884</u>
Total Temporarily Restricted Net Assets	<u>\$ 5,908,772</u>	<u>\$ 6,602,391</u>

6. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended July 31, 2014 and 2013, by incurring expenses satisfying the following purposes specified by donors:

	<u>2014</u>	<u>2013</u>
Donated furniture usage	\$ -	\$ 1,898
Campus partnerships	281,501	87,076
Leadership	733,750	252,084
Communications	50,000	172,878
Development	2,500	
Passage of time	<u>2,856,292</u>	<u>355,234</u>
Total Net Assets Released from Restrictions	<u>\$ 3,924,043</u>	<u>\$ 869,170</u>

7. CONCENTRATION OF GRANTS AND CONTRIBUTIONS

Approximately 64% of 2014 total grants and contribution revenue was contributed by two foundations and three individuals of which approximately \$1,525,000 is included in grants and contributions receivable on the statement of financial position at July 31, 2014.

Approximately 83% of 2013 total grants and contribution revenue was contributed by three foundations of which approximately \$5,039,000 is included in grants and contributions receivable on the statement of financial position at July 31, 2013.

INTERFAITH YOUTH CORE

NOTES TO FINANCIAL STATEMENTS

8. LEASE COMMITMENT

In September 2008, IFYC entered into an operating lease for office space. The lease term began September 1, 2008, and expired November 30, 2012.

During October 2012, IFYC entered into an operating sublease for new office space. The sublease term began November 1, 2012 and expires November 30, 2016. Initially, the lease payments were abated for four months and then rental payments range over the life of the lease from \$19,843 to \$21,626. IFYC is accounting for this lease in accordance with U.S. generally accepted accounting principles by using the straight-line method of accounting. The difference between actual rent payments and the expense recognized using the straight-line method is recorded as accrued rent liability in the amount of \$55,867 and \$71,019 at July 31, 2014 and 2013.

The minimum future rental payments under these operating leases are as follows:

<u>Year Ended July 31,</u>	<u>Amount</u>
2015	\$ 247,484
2016	252,835
2017	85,170
Total	<u>\$ 585,489</u>

Rental expense was \$226,981 and \$204,236 for the years ended July 31, 2014 and 2013, respectively.

9. DONATED SERVICES AND FACILITIES

The value of contributed services and facilities included in the financial statements as donated revenue and allocated to management and general and program service expense for the years ended July 31, 2014 and 2013, is as follows:

	<u>2014</u>	<u>2013</u>
Legal consulting	\$ 18,220	\$ 39,373
Advertising	1,513	
Facilities	11,733	8,475
Total Donated Services and Facilities	<u>\$ 31,466</u>	<u>\$ 47,848</u>

10. VOLUNTEER SERVICES

A significant amount of volunteer services is contributed to IFYC to support its activities. These volunteer activities include participating on the Board of Directors and numerous other committees. The value of these services has not been included in the financial statements.

SUPPLEMENTAL INFORMATION

INTERFAITH YOUTH CORE

SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2014

	Program Services				Supporting Services				
	Executive Office	Campus Partnerships	Leadership	Communications	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and related expenses	\$ 163,395	\$ 799,902	\$ 598,237	\$ 203,875	\$ 1,765,409	\$ 265,277	\$ 346,889	\$ 612,166	\$ 2,377,575
Employee benefits	10,355	63,164	59,163	22,031	154,713	9,273	18,564	27,837	182,550
Payroll taxes	24,382	58,379	48,755	12,558	144,074	24,259	22,333	46,592	190,666
Professional fees	102,335	67,061	19,099	60,803	249,298	14,039	2,357	16,396	265,694
Accounting fees						17,050		17,050	17,050
Legal fees						18,220		18,220	18,220
Information technology services	7,863	45,212	39,315	14,019	106,409	17,692	15,894	33,586	139,995
Supplies	5,866	13,555	325,624	4,689	349,734	10,877	5,703	16,580	366,314
Computer related expenses	1,054	2,685	3,513	817	8,069	1,051	1,214	2,265	10,334
Telephone and telecommunications	2,002	2,450	1,560	6,012	6,012	1,363	1,220	2,583	8,595
Postage, shipping and delivery	228	1,719	3,844	23,974	29,765	1,997	1,335	3,332	33,097
Books, subscriptions, reference	2,503	696	31	324	3,554	740	1,741	2,481	6,035
Printing and copying	308	3,431	5,721	1,483	10,943	1,404	3,252	4,656	15,599
Fees and charges			4,886		4,886	727	2,602	3,329	8,215
Staff development	1,142	3,925	6,426	885	12,378	2,888	1,216	4,104	16,482
Occupancy expenses	14,123	82,684	71,183	24,148	192,138	23,864	34,765	58,629	250,767
Travel expense	27,070	37,881	61,101	3,406	129,458	4,280	23,582	27,862	157,320
Meetings expense	2,918	2,571	374	686	6,549	2,199	1,625	3,824	10,373
Depreciation	5,932	34,110	29,661	10,381	80,084	13,347	11,864	25,211	105,295
Insurance	1,450	8,790	7,269	2,518	20,027	5,105	2,900	8,005	28,032
Other expenses	208	4,500		575	5,283	7,317	1,492	8,809	14,092
Scholarships and stipends to individuals	3109		14,264		17,373				17,373
Grants to other organizations		435,517			435,517				435,517
Total Functional Expenses	\$ 376,243	\$ 1,668,232	\$ 1,300,026	\$ 387,172	\$ 3,731,673	\$ 442,969	\$ 500,548	\$ 943,517	\$ 4,675,190

SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2013

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