

FELLOWSHIP OF CHRISTIAN ATHLETES
FINANCIAL STATEMENTS

Year Ended August 31, 2021
with
Independent Auditors' Report

FELLOWSHIP OF CHRISTIAN ATHLETES

FINANCIAL STATEMENTS

August 31, 2021

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Keller & Owens, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Fellowship of Christian Athletes

We have audited the accompanying financial statements of **Fellowship of Christian Athletes** (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021, and 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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 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 **Fellowship of Christian Athletes** as of August 31, 2021, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2021, **Fellowship of Christian Athletes** adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*, and ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited the **Fellowship of Christian Athletes’** 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Keller & Owens, LLC". The signature is written in dark ink and is positioned to the right of the main text block.

Overland Park, Kansas
February 16, 2022

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF FINANCIAL POSITION

August 31, 2021

(With comparative totals as of August 31, 2020)

<u>ASSETS</u>	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Current Assets:				
Cash and cash equivalents	\$ 23,836,779	\$ 1,408,915	\$ 25,245,694	\$ 15,177,503
Short-term operating investments	15,579,905	-	15,579,905	27,624,560
Prepaid expenses and receivables	676,064	-	676,064	508,326
Merchandise held for resale, at cost	690,483	-	690,483	1,211,336
Total Current Assets	40,783,231	1,408,915	42,192,146	44,521,725
Property and Equipment, net	9,423,571	-	9,423,571	9,913,384
Other Assets:				
Investments:				
Long-term operating investments	43,908,280	-	43,908,280	18,920,905
Other long-term investments	16,695,139	435,525	17,130,664	14,938,644
Accumulated cash surrender value of life insurance policies	483,371	-	483,371	493,357
Intangible asset, net	75,000	-	75,000	175,000
Total Other Assets	61,161,790	435,525	61,597,315	34,527,906
Total Assets	\$ 111,368,592	\$ 1,844,440	\$ 113,213,032	\$ 88,963,015
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts payable	\$ 1,761,717	\$ -	\$ 1,761,717	\$ 1,262,334
Accrued payroll taxes and benefits	2,221,612	-	2,221,612	2,787,460
Current portion of post-retirement obligation	39,984	-	39,984	39,984
Total Current Liabilities	4,023,313	-	4,023,313	4,089,778
Post-retirement obligation	152,320	-	152,320	183,162
Total Liabilities	4,175,633	-	4,175,633	4,272,940
Net Assets	107,192,959	1,844,440	109,037,399	84,690,075
Total Liabilities and Net Assets	\$ 111,368,592	\$ 1,844,440	\$ 113,213,032	\$ 88,963,015

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF ACTIVITIES

Year Ended August 31, 2021

(With comparative totals for the year ended August 31, 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and Revenue:				
Contributions	\$ 156,544,294	\$ 2,559,977	\$ 159,104,271	\$ 132,234,604
Camps/conferences	3,954,399	-	3,954,399	978,583
Membership, subscriptions, and chartering fees	1,766	-	1,766	2,389
Sale of merchandise	193,390	-	193,390	92,768
Special events fees	8,073,115	-	8,073,115	7,520,478
Other non-contribution revenue	5,580,839	-	5,580,839	5,068,907
Investment return	3,083,227	36,354	3,119,581	2,573,280
Gain on sale of property and equipment	76,585	-	76,585	57,639
Net assets released from restrictions	<u>2,205,453</u>	<u>(2,205,453)</u>	<u>-</u>	<u>-</u>
 Total Support and Revenue	 <u>179,713,068</u>	 <u>390,878</u>	 <u>180,103,946</u>	 <u>148,528,648</u>
Expenses:				
Program services	118,870,025	-	118,870,025	104,982,300
Cost of direct benefits to donors	9,167,228	-	9,167,228	9,661,802
General and administration	17,369,098	-	17,369,098	16,449,590
Fundraising	<u>10,350,271</u>	<u>-</u>	<u>10,350,271</u>	<u>9,466,037</u>
 Total Expenses	 <u>155,756,622</u>	 <u>-</u>	 <u>155,756,622</u>	 <u>140,559,729</u>
 Change in Net Assets	 23,956,446	 390,878	 24,347,324	 7,968,919
 Net Assets at Beginning of Year	 <u>83,236,513</u>	 <u>1,453,562</u>	 <u>84,690,075</u>	 <u>76,721,156</u>
 Net Assets at End of Year	 <u>\$ 107,192,959</u>	 <u>\$ 1,844,440</u>	 <u>\$ 109,037,399</u>	 <u>\$ 84,690,075</u>

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF FUNCTIONAL EXPENSES Year Ended August 31, 2021

(With comparative totals for the year ended August 31, 2020)

	2021					2020 Total
	Program Services	General and Administration	Fundraising	Cost of Direct Benefits to Donors	Total	
Salaries	\$ 73,306,572	\$ 9,852,301	\$ 7,238,302	\$ -	\$ 90,397,175	\$ 83,685,745
Camp site expense	2,966,039	-	-	-	2,966,039	748,078
Camps/conferences	1,141,095	-	-	-	1,141,095	412,597
League and club sports	1,623,388	-	-	-	1,623,388	61,127
Travel	2,565,339	408,931	231,554	-	3,205,824	3,566,650
Supplies	3,044,300	344,815	296,278	-	3,685,393	2,867,412
Payroll taxes	2,993,692	460,674	295,531	-	3,749,897	3,476,573
Cost of merchandise sold	200,879	-	-	-	200,879	134,810
Public relations and direct mail	1,791,260	237,067	193,861	-	2,222,188	1,789,347
Honorariums	1,593,467	4,500	-	-	1,597,967	1,799,148
International grants	1,445,261	-	-	-	1,445,261	954,221
Golf tournaments	-	-	-	2,842,484	2,842,484	1,774,703
Banquets	-	-	-	1,056,830	1,056,830	1,685,896
Program events and staff training	3,131,865	116,858	9,175	5,267,914	8,525,812	8,996,043
Communications	981,938	174,169	96,163	-	1,252,270	1,249,975
Employee insurance	8,977,955	1,520,109	784,167	-	11,282,231	10,351,846
Postage	427,212	104,239	37,842	-	569,293	638,971
Taxes, commissions, and fees	1,746,876	239,551	173,644	-	2,160,071	1,872,929
Insurance	1,583,327	454,204	156,531	-	2,194,062	1,111,693
Printing/publications	489,429	111,938	35,966	-	637,333	608,333
Utilities	248,608	119,566	28,099	-	396,273	384,594
Food	1,074,305	162,381	101,077	-	1,337,763	1,205,012
Rent/leases	1,849,906	250,373	185,583	-	2,285,862	2,106,143
Maintenance	318,930	144,815	34,773	-	498,518	446,595
Professional fees	1,741,553	850,602	130,510	-	2,722,665	2,524,679
Retirement plan	1,897,701	265,506	187,921	-	2,351,128	2,056,537
Technology	209,529	1,344,766	13,367	-	1,567,662	1,733,961
Miscellaneous	165,586	14,172	10,838	-	190,596	321,573
Depreciation	1,254,013	187,561	109,089	-	1,550,663	1,894,538
Amortization	100,000	-	-	-	100,000	100,000
Total Expenses	\$ 118,870,025	\$ 17,369,098	\$ 10,350,271	\$ 9,167,228	\$ 155,756,622	\$ 140,559,729

See Note 17 for an explanation of cost of direct benefits to donors column.

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF CASH FLOWS

Year Ended August 31, 2021

(With comparative totals for the year ended August 31, 2020)

	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	\$ 24,347,324	\$ 7,968,919
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,650,663	1,994,538
Gain on sale of property and equipment	(76,585)	(57,639)
Net gain on sale of investments	(566,466)	(227,256)
Unrealized gain on investments	(1,836,116)	(1,007,464)
Donated property and equipment	(125,852)	(237,325)
Donated securities	(1,479,115)	(1,107,998)
(Increase) decrease in assets:		
Prepaid expenses and receivables	(167,738)	146,830
Merchandise held for resale, at cost	520,853	(678,687)
Increase (decrease) in liabilities:		
Accounts payable	499,383	(830,383)
Accrued payroll taxes and benefits	(565,848)	927,665
Post-retirement obligation	(30,842)	(29,386)
Net Cash Provided by Operating Activities	22,169,661	6,861,814
Cash Flows from Investing Activities:		
Net purchases of investments	(11,253,043)	(1,093,974)
Decrease (increase) in cash surrender value of life insurance	9,986	(94,500)
Purchase of property and equipment	(992,059)	(1,020,450)
Proceeds from sale of property and equipment	133,646	146,534
Net cash used by investing activities	(12,101,470)	(2,062,390)
Net Change in Cash and Cash Equivalents	10,068,191	4,799,424
Cash and Cash Equivalents at Beginning of Year	15,177,503	10,378,079
Cash and Cash Equivalents at End of Year	\$ 25,245,694	\$ 15,177,503

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2021

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Organization - The **Fellowship of Christian Athletes** (“FCA” or the “Organization”) was founded and incorporated in Oklahoma in 1954. FCA’s mission is “to lead every coach and athlete into a growing relationship with Jesus Christ and His church.” In 1956, FCA Support Center was moved to Kansas City, Missouri, where it continues to be based. FCA is supported primarily through donor contributions and fees charged for camps, conferences, and memberships.

The donor base of FCA consists primarily of citizens of the United States of America.

Advertising - Advertising costs are expensed as incurred.

Basis of accounting - The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation – The Financial statements of the Organization have been prepared in accordance with U.S. Generally Accepted Accounting Principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of trustees.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When the donor restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2021

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Change in accounting principle – FASB ASC Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly, utilizing the modified retrospective method of transition, with no cumulative-effect adjustment to net assets.

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements Fair Value Measurement*, to improve financial reporting by removing or modifying existing disclosure requirements. For investments in entities that calculate net asset value, the Organization is required to disclose the timing of liquidation of an investee’s assets and the date when restrictions from redemption might lapse *only* if the investee communicated the timing to the entity or announced it publicly. All amendments are applied on a retrospective basis. There was no effect on net assets in connection with the Foundation’s implementation of ASU 2018-13.

Comparative financial information – The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended August 31, 2020 from which the summarized information was derived.

Cash and cash equivalents – For purposes of the statement of cash flows, cash and equivalents include cash in banks, cash on hand, and highly liquid investments with maturities of three months or less, when purchased.

Contributions – The Organization reports contributions in accordance with FASB Accounting Standards Codification (“ASC”) 958-605. Accordingly, contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are released and reclassified to net assets without donor restrictions.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2021

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Contributions (continued) – Contributions that are preferenced to support the ministry of staff, ministry in a specified location, or a specified project are reported as without donor restrictions. Management internally identifies and accounts for preferenced contributions, making every effort to apply the contribution to the indicated preference, while still maintaining discretion and control over the use of the donated funds.

Contributed property and equipment – Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as support with restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without restrictions.

Contributed use of facilities and vehicles – Contributed use of facilities and vehicles are recorded at fair value for the time made available to FCA during the year.

Donated securities – Donated securities with a fair value at the date of contribution in the amount of \$1,479,115 and \$1,107,998 are included in cash flows from operating activities for the years ended August 31, 2021 and 2020, respectively.

Donated services – A substantial number of volunteers donate significant time to FCA. These donated services were not recognized in the financial statements because they did not meet the criteria for recognition under FASB ASC 958-605.

Expense allocation – The costs of providing the various programs and supporting activities of the Organization have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore expenses require allocation on a reasonable basis that is consistently applied. Salaries, payroll taxes, employee insurance, and retirement plan are allocated on the basis of time and effort. The remaining functional expenses are classified based on the actual result that is calculated using factors of time and effort and square footage.

Income taxes – FCA has been declared a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. In addition, FCA has been classified as a publicly supported organization, which is not a private foundation within the meaning of Section 509(a)(1) of the code.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2021

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Income taxes (continued) – The Organization has adopted the provisions of FASB ASC 740-10 as it might apply to the Organization's financial transactions. The Organization's policy is to record a liability for any tax position that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of August 31, 2021 and, accordingly, no liability has been accrued.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at fair value. Unrealized gains and losses are included in investment return in the accompanying statement of activities. Nonmarketable investments are recorded at cost at date of acquisition or fair value at date of donation in the case of gifts.

Merchandise held for resale – Merchandise held for resale is stated at the lower of cost (first-in, first-out) or market.

Operations – The accompanying financial statements include all operations of FCA. The Support Center provides receipting of funds, disbursement controls, centralized accounting, and other operational services for approximately 2,350 staff.

Property and equipment – Land, buildings, and equipment additions over a nominal amount are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. Depreciation is provided over the estimated useful lives of the respective assets primarily on a straight-line basis. Useful lives for depreciation are as follows:

Land improvements	20 years
Buildings and improvements	20 – 50 years
Equipment and furnishings	3 – 8 years

Revenue recognition – Revenue for camps are recognized at the completion of each camp session. Revenue from special events are recognized when the event occurs. Revenue for special events includes event registrations and sponsorships. The Organization recognizes contributions when cash, securities, or other assets are received. Conditional promises to give, that is, those with a measurable performance or other barrier, and right of return, are not recognized until the conditions on which they depend have been substantially met.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2021

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Subsequent events – Management has evaluated events and transactions that have occurred since August 31, 2021 and reflected their effects, if any, in these financial statements through February 16, 2022, the date the financial statements were available to be issued.

Use of estimates – The preparation of financial statements in conformity with 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.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 25,245,694	\$ 15,177,503
Investments	76,618,849	61,484,109
Receivables	<u>287,472</u>	<u>204,405</u>
	102,152,015	76,866,017
Less amounts with donor restrictions	<u>(1,844,440)</u>	<u>(1,453,562)</u>
 Total Financial Assets Available for General Expenditures within One Year	 <u>\$100,307,575</u>	 <u>\$ 75,412,455</u>

As part of its liquidity management plan, **Fellowship of Christian Athletes** structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted sources.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2021

3. FAIR VALUE MEASUREMENTS

The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three-tier hierarchy of inputs is summarized in the three broad levels that follow:

- Level 1 – inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities;
- Level 2 – inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded or other external independent means;
- Level 3 – inputs are unobservable and reflect assumptions on the part of the reporting entity.

Fair values of assets measured on a recurring basis at August 31, 2021 are as follows:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 410,394	\$ 410,394	\$ -	\$ -
Common stock	114,438	114,438	-	-
Domestic stock funds	7,777,545	7,777,545	-	-
International stock funds	2,001,393	2,001,393	-	-
Bond funds	4,787,558	4,787,558	-	-
US Government obligations	30,160,718	2,019,039	28,141,679	-
Corporate bonds	250,000	-	250,000	-
Certificates of deposit	31,116,803	-	31,116,803	-
Sweep account*	<u>21,422,536</u>	<u>-</u>	<u>21,422,536</u>	<u>-</u>
Total Assets	<u>\$ 98,041,385</u>	<u>\$ 17,110,367</u>	<u>\$ 80,931,018</u>	<u>\$ -</u>

A significant portion of **Fellowship of Christian Athletes** portfolio is invested in government obligations, corporate bonds, and certificates of deposit that are listed as level 2. These investments are valued by custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market assumptions.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2021

3. FAIR VALUE MEASUREMENTS (continued)

Fair values of assets measured on a recurring basis at August 31, 2020 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash and cash equivalents	\$ 465,752	\$ 465,752	\$ -	\$ -
Common stock	183,142	183,142	-	-
Domestic stock funds	6,771,809	6,771,809	-	-
International stock funds	1,414,433	1,414,433	-	-
Bond funds	6,046,173	6,046,173	-	-
Other mutual funds	20,582	20,582	-	-
US Government obligations	11,835,988	15,940	11,820,048	-
Corporate bonds	250,000	-	250,000	-
Certificates of deposit	34,496,230	-	34,496,230	-
Sweep account*	<u>5,919,144</u>	<u>-</u>	<u>5,919,144</u>	<u>-</u>
 Total Assets	 <u>\$ 67,403,253</u>	 <u>\$ 14,917,831</u>	 <u>\$ 52,485,422</u>	 <u>\$ -</u>

* Included in Cash and cash equivalents in the Statement of Financial Position.

4. PREPAID EXPENSES AND RECEIVABLES

Included in prepaid expenses and receivables is interest receivable in the amount of \$58,800 and \$109,562 for the years ended August 31, 2021 and 2020, respectively. Also included are amounts due from employees for travel advances and a receivable for overpaid payroll taxes. All amounts are considered collectible and no collateral is required.

5. PROPERTY AND EQUIPMENT

Property and equipment includes the following at August 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,193,633	\$ 1,147,040
Land improvements	205,188	205,188
Construction in progress	37,156	-
Buildings	11,784,357	11,730,535
Building improvements	2,104,801	1,958,002
Furniture and equipment	<u>9,808,919</u>	<u>11,792,663</u>
	25,134,054	26,833,428
 Less accumulated depreciation	 <u>(15,710,483)</u>	 <u>16,920,044</u>
 Net Property and Equipment	 <u>\$ 9,423,571</u>	 <u>\$ 9,913,384</u>

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2021

6. INTANGIBLE ASSET

In 2015, the Organization acquired the rights to use, produce, and show a movie for a seven year term. The cost is being amortized ratably over the seven year term. Intangible asset consists of the following at August 31, 2021:

Amortized intangible asset:	
Movie rights	\$ 700,000
Accumulated amortization	<u>(625,000)</u>
Net carrying value	<u>\$ 75,000</u>
Amortization expense-current year	<u>\$ 100,000</u>

Future annual amortization expense will be as follows:

<u>Year Ending August 31:</u>	
2022	<u>\$ 75,000</u>
Total Future Amortization Expenses	<u>\$ 75,000</u>

7. INVESTMENTS

Operating investments consist of the following at August 31:

	<u>2021</u>	<u>2020</u>
Short-term operating investments:		
Certificates of deposit	\$ 12,208,678	\$ 17,628,504
Bonds and US Government obligations	<u>3,371,227</u>	<u>9,996,056</u>
Total Short-term Operating Investments	15,579,905	27,624,560
Long-term operating investments:		
Certificates of deposit	23,543,322	13,099,678
Bonds and US Government obligations	<u>20,364,958</u>	<u>5,821,227</u>
Total Long-term Operating Investments	<u>43,908,280</u>	<u>18,920,905</u>
Total Operating Investments	<u>\$ 59,488,185</u>	<u>\$ 46,545,465</u>

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2021

7. INVESTMENTS (continued)

Other long-term investments consist of the following at August 31:

	2021	2020
Cash and cash equivalents	\$ 410,394	\$ 465,752
Certificates of deposit	20,391	20,813
US Government obligations	2,019,039	15,940
Bond funds and other investments	4,787,558	6,066,754
Common stock and stock funds	9,893,382	8,369,385
 Total Other Long-term Investments	 \$ 17,130,764	 \$ 14,938,644

The managed investments by fund are as follows at August 31:

Support Center Building Fund	\$ 11,929	\$ 10,703
National Camp Scholarship Fund	1,826,023	1,558,382
National Ministry Fund	89,187	78,160
John Erickson Presidential Fund	172,606	151,185
Golf Ministry Fund	805,293	726,163
Jeffrey/Lane Fund	521,073	473,505
Legacy Fund	-	57,834
Support Center Fund	2,125,382	1,786,524
State and Local Chapter Funds	11,579,171	10,096,188
 Total Managed Investments	 \$ 17,130,664	 \$ 14,938,644

Income from investments is summarized as follows:

Interest and dividends	\$ 716,999	\$ 1,338,560
Net realized gains	566,466	227,256
Net unrealized gains	1,836,116	1,007,464
 Total Investment Return	 \$ 3,119,581	 \$ 2,573,280

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

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8. CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES

FCA has a contribution plan whereby donors purchase life insurance policies and name FCA as the policy owner and beneficiary. Total face value of all policies in force at August 31, 2021 was \$1,832,373. The accumulated cash surrender value of all policies held is recorded in the financial statements as temporarily restricted assets.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at August 31:

	<u>2021</u>	<u>2020</u>
Purpose restrictions:		
Programs and ministry	\$ 1,408,915	\$ 1,018,037
Held in Perpetuity:		
Permanent endowments	<u>435,525</u>	<u>435,525</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,844,440</u>	<u>\$ 1,453,562</u>

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donors were as follows:

Field ministries	\$ 1,686,063	\$ 891,507
Support Center	<u>519,390</u>	<u>498,874</u>
Net Assets Released from Restrictions	<u>\$ 2,205,453</u>	<u>\$ 1,390,381</u>

10. CONCENTRATION OF RISK

FCA maintains cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At August 31, 2021, FCA's uninsured balances totaled \$21,270,536. However, the uninsured balances were collateralized by Repurchase Agreements. FCA holds other funds in other money market accounts maintained by national investment companies. These funds are not insured by the FDIC but are invested in government and commercial debt obligations. The investments not insured by the FDIC are subject to market risk, including loss of principal.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2021

11. LEASES

FCA leases certain office space and equipment under operating lease agreements. Rental expenses for the years ended August 31, 2021 and 2020 were \$2,285,862 and \$2,106,143 respectively, which included \$1,038,196 of donated rent. The minimum annual rental commitment under these leases is as follows:

<u>Year Ending August 31:</u>	
2022	\$ 872,104
2023	<u>266,208</u>
Total Operating Lease Commitments	<u>\$ 1,138,312</u>

12. RETIREMENT PLAN

Effective July 1, 1984, FCA instituted a retirement plan for all qualified employees. The plan covers all employees of FCA who have completed one year of service and work a minimum of 1,000 hours during the plan year. The plan is a contributory plan with all employer contributions made at the sole discretion of the Board of Trustees. FCA has received a favorable determination letter as to the tax-exempt status of the plan from the Internal Revenue Service.

Effective January 1, 2001, FCA started offering a 401(k) plan for all eligible employees. The plan covers all regular employees that have completed one year of continuous service and work a minimum of 1,000 hours during the plan year. Eligible employees are fully vested in employee contributions immediately and in employer contributions after three years of service.

FCA's retirement plan expense was \$2,351,128 and \$2,056,537 for the years ended August 31, 2021 and 2020, respectively.

13. CONDITIONAL PROMISES RECEIVED

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Conditional pledges at August 31, 2021 and 2020 were \$1,810,050 and \$3,621,124, respectively. FCA is also the owner and beneficiary of several life insurance policies; see Note 8.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2021

14. ENDOWMENTS

The Organization's endowment consists of a perpetual endowment fund whose interest is to fund the on-going general operations of the Organization. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Organization has interpreted the Missouri-enacted version of Uniform State Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At August 31, 2021 and 2020, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2021

14. ENDOWMENTS (continued)

Changes in Endowment Net Assets

	<u>With Donor Restrictions</u>
Net assets, beginning of year 2020	\$ 435,525
Investment return	42,270
Released from restrictions	<u>(42,270)</u>
Net assets, end of year 2020	435,525
Investment return	37,284
Released from restrictions	<u>(37,284)</u>
Net assets, end of year 2021	<u>\$ 435,525</u>

Return Objectives and Risk Parameters

The Organization has adopted endowment investment and spending policies that attempt to achieve the maximum annual income from growth, interest, and dividends while preserving and enhancing the capital and the purchasing power of the underlying assets in inflation-adjusted real terms.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization diversifies its portfolio by security selection and asset allocation, and that could include any combination of large capitalization, mid-capitalization, and small capitalization stocks as well as international securities, real estate investment trusts, and fixed income securities.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's spending policy specifies a payout of interest and dividends. The Board has adopted a Statement of Investment Policies, Objectives and Guidelines for the purpose of outlining a philosophy and policies which will guide the investment management of the assets.

Appropriation of Endowment Assets for Next Fiscal Year

For the 2022 fiscal year, the Organization has not appropriated any endowment assets.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2021

15. POST-RETIREMENT OBLIGATION

The Board authorized retirement payments to a retired executive beginning January 2017. The payments shall be paid in 120 monthly installments in the amount of \$3,500. The present value of the benefits at August 31, 2021, calculated over the remaining payment period and using a discount rate of 5%, is \$192,304. The plan is unfunded and there are no expected employer contributions. However, general funds are allocated to pay the future obligations of this plan. The unamortized post-employment liability and annual principal maturities at August 31, are as follows:

<u>August 31:</u>	
2022	\$ 39,984
2023	38,094
2024	36,288
2025	34,566
2026	32,928
Thereafter	<u>10,444</u>
Total Post-Retirement Obligation	<u>\$ 192,304</u>

16. LITIGATION

The Organization is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the Organization. Events could occur that would change this estimate materially in the future.

17. COST OF DIRECT BENEFITS TO DONORS

Fellowship of Christian Athletes field offices across the country put on special events to raise money for the Organization. The direct benefit to donors is the actual costs (not the fair value required by the IRS to be reported to donors) of the event, including the cost of the items and services provided to the attendees as a benefit of attending the special event. These costs include meals, facility rental, decorations, entertainment, refreshments, and raffle prizes. In 2021, the Organization incurred \$9,167,228 of direct benefits to donors for these events. In 2021, the Organization generated \$21,704,884 (including contributions) in revenues from these events.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2021

18. RISKS AND UNCERTAINTIES

The COVID-19 outbreak is causing serious health and financial risks globally. In addition, this crisis has the potential to negatively affect the Organization by reducing investment values, reducing the ability to access capital, causing event and camp cancellations, reducing contributions due to financial uncertainties, reducing investment income, and increasing inventory obsolescence. While management is considering the current and future effects of the pandemic on the Organization, an estimate of any negative impacts and the means of mitigation are not known at this time.

19. NEW ACCOUNTING PRONOUNCEMENTS

ASU 2016-02, Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this ASU are to be applied using a modified retrospective approach.

In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which deferred the effective date for certain entities to fiscal years beginning after December 15, 2021 for the lease standard and December 15, 2019 for the revenue standard. Early application continues to be allowed.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2021

19. NEW ACCOUNTING PRONOUNCEMENTS (continued)

ASU 2016-13, Financial Instruments – Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard requires application of the current expected credit loss (“CECL”) methodology for the measurement of credit losses on financial assets measured at amortized cost. The CECL methodology replaces the previous incurred loss methodology. It also modifies the accounting for available-for-sale debt securities, which must be individually assessed for credit losses when fair value is less than the amortized cost basis. This standard is effective for annual reporting periods beginning after December 15, 2020. The standard is applied on a modified retrospective approach.

In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, which deferred the effective date of the new CECL standard. The new standard is effective for fiscal years beginning after December 15, 2022.

ASU 2020-07, Not-for-Profit Entities

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for NFPs, including additional disclosure requirements for recognized contributed services. The amendments in this ASU are to be applied on a retrospective basis. The amendments should be applied for fiscal years beginning after June 15, 2021. Early adoption is permitted.

The Organization is evaluating the effect that these standards will have on its financial statements and related disclosures.