

**FELLOWSHIP OF CHRISTIAN ATHLETES**  
**FINANCIAL STATEMENTS**

**Year Ended August 31, 2014**  
**with**  
**Independent Auditors' Report**

# FELLOWSHIP OF CHRISTIAN ATHLETES

## FINANCIAL STATEMENTS

August 31, 2014

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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, 2014, and the related statements of activities 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 risk 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.

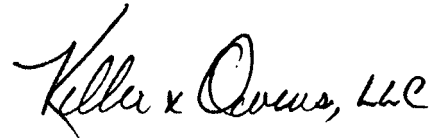
We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **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, 2014, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the **Fellowship of Christian Athletes'** 2013 financial statements, and our report dated February 3, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2013, 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".

Overland Park, Kansas  
February 3, 2015

# FELLOWSHIP OF CHRISTIAN ATHLETES

## STATEMENT OF FINANCIAL POSITION

August 31, 2014

(With comparative totals as of August 31, 2013)

<u>ASSETS</u>	2014			2013 Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
Current Assets:					
Cash and cash equivalents	\$ 3,134,216	\$ 11,497,231	\$ -	\$ 14,631,447	\$ 6,843,277
Certificates of deposit	-	14,492,359	-	14,492,359	18,239,986
Prepaid expenses and receivables	71,960	-	-	71,960	137,632
Promises to give	-	74,718	-	74,718	95,332
Merchandise held for resale, at cost	600,080	-	-	600,080	382,814
Total Current Assets	3,806,256	26,064,308	-	29,870,564	25,699,041
Assets Held for Sale	575,000	-	-	575,000	575,000
Property and Equipment	10,673,007	-	-	10,673,007	10,491,061
Other Assets:					
Investments	336,666	13,181,844	250,000	13,768,510	12,035,654
Accumulated cash surrender value of life insurance policies	-	424,081	-	424,081	424,081
Life income gifts	-	35,324	-	35,324	35,324
Total Other Assets	336,666	13,641,249	250,000	14,227,915	12,495,059
Total Assets	\$ 15,390,929	\$ 39,705,557	\$ 250,000	\$ 55,346,486	\$ 49,260,161
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities:					
Accounts payable	\$ 1,744,897	\$ -	\$ -	\$ 1,744,897	\$ 1,079,850
Accrued payroll taxes and benefits	1,690,842	-	-	1,690,842	1,342,603
Current portion of capital lease payable	35,378	-	-	35,378	39,679
Total Current Liabilities	3,471,117	-	-	3,471,117	2,462,132
Long-Term Debt:					
Capital lease payable	-	-	-	-	35,380
Charitable trust	-	17,380	-	17,380	17,928
Total Long-Term Debt	-	17,380	-	17,380	53,308
Total Liabilities	3,471,117	17,380	-	3,488,497	2,515,440
Net Assets	11,919,812	39,688,177	250,000	51,857,989	46,744,721
Total Liabilities and Net Assets	\$ 15,390,929	\$ 39,705,557	\$ 250,000	\$ 55,346,486	\$ 49,260,161

*See accompanying notes*

# FELLOWSHIP OF CHRISTIAN ATHLETES

## STATEMENT OF ACTIVITIES

Year Ended August 31, 2014

(With comparative totals for the year ended August 31, 2013)

	2014			Total	2013 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and Revenue:					
Contributions	\$ 208,902	\$ 80,991,946	\$ -	\$ 81,200,848	\$ 71,755,700
Camps/conferences	4,926,943	-	-	4,926,943	3,808,580
Membership, subscriptions, and chartering fees	89,021	-	-	89,021	124,480
Sale of merchandise	133,454	-	-	133,454	118,655
Special events fees	7,967,936	-	-	7,967,936	7,098,130
Other non-contribution revenue	5,139,166	-	-	5,139,166	4,236,440
Investment return	1,774,363	-	-	1,774,363	818,364
Loss on sale of property and equipment	(18,893)	-	-	(18,893)	(48)
Actuarial adjustment of charitable trust	-	548	-	548	4,863
Net assets released from restrictions	<u>75,495,409</u>	<u>(75,495,409)</u>	-	-	-
 Total Support and Revenue	 <u>95,716,301</u>	 <u>5,497,085</u>	 -	 <u>101,213,386</u>	 <u>87,965,164</u>
Expenses:					
Program services	69,445,075	-	-	69,445,075	61,253,689
Cost of direct benefits to donors	11,426,960	-	-	11,426,960	10,087,444
General and administration	9,505,704	-	-	9,505,704	8,623,510
Fund-raising	<u>5,722,379</u>	-	-	<u>5,722,379</u>	<u>5,037,936</u>
 Total Expenses	 <u>96,100,118</u>	 -	 -	 <u>96,100,118</u>	 <u>85,002,579</u>
 Change in Net Assets	 (383,817)	 5,497,085	 -	 5,113,268	 2,962,585
 Net Assets at Beginning of Year	 <u>12,303,629</u>	 <u>34,191,092</u>	 <u>250,000</u>	 <u>46,744,721</u>	 <u>43,782,136</u>
 Net Assets at End of Year	 <u>\$ 11,919,812</u>	 <u>\$ 39,688,177</u>	 <u>\$ 250,000</u>	 <u>\$ 51,857,989</u>	 <u>\$ 46,744,721</u>

*See accompanying notes*

# FELLOWSHIP OF CHRISTIAN ATHLETES

## STATEMENT OF CASH FLOWS

Year Ended August 31, 2014

(With comparative totals for the year ended August 31, 2013)

	2014	2013
Cash Flows from Operating Activities:		
Change in net assets	\$ 5,113,268	\$ 2,962,585
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	831,466	1,031,543
Loss on sale of property and equipment	18,893	48
Net gain on sale of investments	(635,278)	(665,346)
Unrealized (gain) loss on investments	(822,380)	384,779
Donated securities	(761,960)	(458,779)
Actuarial adjustments	(548)	(4,863)
Donated property	(122,948)	(314,122)
(Increase) decrease in assets:		
Prepaid expenses and receivables	65,672	260,609
Merchandise held for resale, at cost	(217,266)	363,311
Promises to give	20,614	(9,887)
Increase (decrease) in liabilities:		
Accounts payable	665,047	(664,518)
Accrued payroll taxes and benefits	348,239	164,992
Net cash provided by operating activities	4,502,819	3,050,352
Cash Flows from Investing Activities:		
Net proceeds (purchases) of investments	486,762	451,993
Purchase of property and equipment	(941,100)	(424,342)
Proceeds from sale of property and equipment	31,743	105,385
Net cash (used) provided by investing activities	(422,595)	133,036
Cash Flows from Financing Activities:		
Payments on long-term debt	-	(35,052)
Payments on capital lease	(39,681)	(42,741)
Payments received on notes receivable	-	2,013,589
Net cash (used) provided by financing activities	(39,681)	1,935,796
Net Increase in Cash and Cash Equivalents	4,040,543	5,119,184
Cash and Cash Equivalents at Beginning of Year	25,083,263	19,964,079
Cash and Cash Equivalents at End of Year	\$ 29,123,806	\$ 25,083,263

### SUPPLEMENTAL DISCLOSURE

Equipment acquired by capital lease	\$ -	\$ 117,800
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*See accompanying notes*

# FELLOWSHIP OF CHRISTIAN ATHLETES

## NOTES TO FINANCIAL STATEMENTS

August 31, 2014

### 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, with a stated purpose "to present to athletes and coaches, and all whom they influence, the challenge and adventure of receiving Jesus Christ as Savior and Lord, serving Him in their relationships and in the fellowship of the Church". In 1956, FCA National 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.

**Accrual basis** - The financial statements of FCA have been prepared on the accrual basis of accounting.

**Advertising** - Advertising costs are expensed as incurred.

**Basis of presentation** - The financial statements of the Organization have been prepared in accordance with FASB ASC 958-210. Under FASB ASC 958-210, FCA 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.

The financial statements as well as the supplemental schedule of functional expenses include certain prior year summarized comparative information in total, but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2013 from which the summarized information is derived.

**Cash and cash equivalents** - For purposes of the statement of cash flows, cash and equivalents includes cash in banks, cash on hand, certificates of deposit and temporary investments (government securities with an original maturity of three months or less).

**Contributions** - Contributions are recorded as unrestricted, temporarily restricted or permanently restricted revenue depending on the existence and/or nature of any donor restrictions. Amounts received without donor stipulations are recorded as unrestricted support and revenue. Amounts received with donor stipulations that limit the use of the donated assets, and amounts earned on those assets, are recorded as temporarily or permanently restricted support and revenue, depending on the nature of the restriction.



# FELLOWSHIP OF CHRISTIAN ATHLETES

## NOTES TO FINANCIAL STATEMENTS

August 31, 2014

### 1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

When the expenses are incurred for their designated purpose, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Contributions from state and local offices are recorded as revenue when received, including items received subsequent to year-end that were determined to be in transit at year-end.

**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 restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

**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 \$761,960 and \$458,779 are included in cash flows from operating activities for the years ended August 31, 2014 and 2013, 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.

**Fair value of financial instruments** – The Organization has adopted the provisions of FASB ASC 820-10 for financial and nonfinancial assets and liabilities measured at fair value on a recurring basis and for nonfinancial assets and liabilities measured initially at fair value.

The carrying amounts of financial instruments including cash and cash equivalents, certificates of deposit, receivables, promises to give, accrued payroll taxes and benefits and accounts payable approximated fair values as of August 31, 2014 due to their short-term nature. The fair value of investments is disclosed in Note 2.

**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, 2014

### 1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

The Organization has adopted the provisions of the 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, 2014 and, accordingly, no liability has been accrued. However, in general, tax returns for the prior three years remain subject to IRS examination.

**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 the operations of the national, state and local offices of FCA. Currently, FCA operates approximately 485 offices throughout the United States. The National Support Center provides receipting of funds, disbursement controls, centralized accounting and other operational services for those offices.

**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

**Subsequent events** – Management has evaluated events and transactions that have occurred since August 31, 2014 and reflected their effects, if any, in these financial statements through February 3, 2015, the date the financial statements were available to be issued.

# FELLOWSHIP OF CHRISTIAN ATHLETES

## NOTES TO FINANCIAL STATEMENTS

August 31, 2014

### 1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

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

### 2. 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.

# FELLOWSHIP OF CHRISTIAN ATHLETES

## NOTES TO FINANCIAL STATEMENTS

August 31, 2014

### 2. FAIR VALUE MEASUREMENTS (continued)

Fair values of assets measured on a recurring basis at August 31, 2014 are as follows:

	<u>Fair Value</u>	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	\$ 451,348	\$ 451,348	\$ -	\$ -
Common stock	444,191	444,191	-	-
Domestic stock funds	4,648,040	4,648,040	-	-
International stock funds	1,995,987	1,995,987	-	-
Bond funds	5,073,696	5,073,696	-	-
Commodities	438,390	438,390	-	-
Other mutual funds	236,373	236,373	-	-
US Government obligations	352,494	352,494	-	-
Corporate bonds	127,991	127,991	-	-
Short-term investments*	5,918,950	5,918,950	-	-
Sweep account*	<u>7,117,920</u>	<u>-</u>	<u>7,117,920</u>	<u>-</u>
<b>Total Assets</b>	<b><u>\$ 26,805,380</u></b>	<b><u>\$ 19,687,460</u></b>	<b><u>\$ 7,117,920</u></b>	<b><u>\$ -</u></b>

Fair values of assets measured on a recurring basis at August 31, 2013 are as follows:

	<u>Fair Value</u>	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	\$ 320,651	\$ 320,651	\$ -	\$ -
Common stock	416,820	416,820	-	-
Domestic stock funds	5,045,407	5,045,407	-	-
International stock funds	1,447,582	1,447,582	-	-
Bond funds	3,488,816	3,488,816	-	-
Commodities	342,310	342,310	-	-
Other mutual funds	231,919	231,919	-	-
US Government obligations	554,835	554,835	-	-
Corporate bonds	187,314	187,314	-	-
Short-term investments*	1,906,441	1,906,441	-	-
Sweep account*	<u>1,226,539</u>	<u>-</u>	<u>1,226,539</u>	<u>-</u>
<b>Total Assets</b>	<b><u>\$ 15,168,634</u></b>	<b><u>\$ 13,942,095</u></b>	<b><u>\$ 1,226,539</u></b>	<b><u>\$ -</u></b>

\* Included in Cash and Cash equivalents and Certificates of Deposit in the Statement of Financial Position.

# FELLOWSHIP OF CHRISTIAN ATHLETES

## NOTES TO FINANCIAL STATEMENTS

August 31, 2014

### 3. PREPAID EXPENSES AND RECEIVABLES

Included in prepaid expenses and receivables are amounts due from employees for travel advances and amounts due from groups for use of camp facilities. All amounts are considered collectible and no collateral is required.

Also included in prepaid expenses and receivables is interest receivable in the amount of \$38,279 and \$67,386 for the years ended August 31, 2014 and 2013, respectively.

### 4. PROMISES TO GIVE

Unconditional promises to give are \$74,718 and \$95,332, respectively, at August 31, 2014 and 2013. These amounts are expected to be collected in full within twelve months.

### 5. PROPERTY AND EQUIPMENT

Property and equipment includes the following:

	<u>2014</u>	<u>2013</u>
Land	\$ 1,147,040	\$ 1,142,040
Land improvements	244,190	149,613
Buildings	11,974,811	11,884,763
Building improvements	558,748	471,661
Furniture and equipment	8,732,135	8,140,316
Construction in process/assets not in service	<u>30,000</u>	<u>64,994</u>
	22,686,924	21,853,387
Less accumulated depreciation	<u>12,013,917</u>	<u>11,362,326</u>
Net Property and Equipment	<u>\$ 10,673,007</u>	<u>\$ 10,491,061</u>

### 6. ASSETS HELD FOR SALE

During 2012, the Organization received gifts of property totaling \$675,000, of which \$575,000 are still being marketed for sale and therefore, are being classified as assets held for sale which are being valued at fair value.

# FELLOWSHIP OF CHRISTIAN ATHLETES

## NOTES TO FINANCIAL STATEMENTS

August 31, 2014

### 7. INVESTMENTS

Investments at August 31, 2014 and 2013 consisted of the following:

	2014	2013
Managed investments:		
Cash and cash equivalents	\$ 451,348	\$ 320,651
US Government obligations	352,494	554,835
Bond funds and other investments	5,876,450	4,250,359
Common stock and stock funds	7,086,145	6,909,809
Total Managed Investments	13,766,437	12,035,654
Other investments:		
Common stock	2,073	-
Total Investments	\$ 13,768,510	\$ 12,035,654

At August 31, 2014 and 2013, the managed investments by fund were as follows:

National Support Center Building Fund	\$ 11,998	\$ 11,021
National Camp Scholarship Fund	1,499,344	1,437,378
National Ministry Endowment Fund	82,477	77,894
John Erickson Presidential Endowment Fund	153,238	144,474
Golf Ministry Endowment Fund	686,267	668,523
Jeffrey/Lane Endowment Fund	466,163	422,263
Legacy Fund	344,341	321,240
National Support Center Fund	334,592	-
State and Local Chapter Endowment Funds	10,188,017	8,952,861
Total Managed Investments	\$ 13,766,437	\$ 12,035,654

Income from investments is summarized as follows:

Interest and dividends	\$ 316,705	\$ 537,797
Net realized gains	635,278	665,346
Net unrealized gains (losses)	822,380	(384,779)
Total Investment Return	\$ 1,774,363	\$ 818,364

# FELLOWSHIP OF CHRISTIAN ATHLETES

## NOTES TO FINANCIAL STATEMENTS

August 31, 2014

### **8. NOTE RECEIVABLE**

In connection with the sale of the National Conference Center in 2007, FCA entered into an agreement with the buyer of the facility to carry back a mortgage in the amount of \$2,900,000. The note was stated at the unpaid balance, less any allowance for doubtful accounts. The terms of the loan called for interest to accrue at a rate of 5.25% through April 30, 2016 when the rate was to be adjusted to prime plus 2%. The agreement also called for payments to be deferred until April, 2012 when a lump sum principal and interest payment of \$289,688 was due and received. In 2013, this note was discounted by \$150,000 and the buyer paid off the note receivable.

### **9. 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, 2014 was \$2,220,285. The accumulated cash surrender value of all policies held is recorded in the financial statements as temporarily restricted assets.

### **10. CHARITABLE TRUSTS**

FCA is the charitable remainder in one unitrust agreement. Under the unitrust agreement, the donor, or donor's survivors, receives income distributions for defined periods. At the expiration of the defined periods, the portion of the principal designated will be distributed to FCA. The portion of the trusts attributable to the future interest of FCA is recorded on the statement of activities as temporarily restricted contributions in the period received. The liability on the statement of financial position entitled "Charitable Trusts" includes the present value of the life interest payable to the trust recipient. The principal of the life income gifts is invested primarily in common stocks, corporate bond funds, and a flexible adjustable life insurance policy. The life income gift of \$35,324, at August 31, 2014 and 2013, respectively, is recorded at fair value.

# FELLOWSHIP OF CHRISTIAN ATHLETES

## NOTES TO FINANCIAL STATEMENTS

August 31, 2014

### 11. RESTRICTED NET ASSETS

Restricted net assets consist of the following at August 31:

	<u>2014</u>	<u>2013</u>
Temporarily restricted net assets:		
Programs and ministry	\$ 39,670,233	\$ 34,173,696
Future interest in charitable trust	<u>17,944</u>	<u>17,396</u>
Total Temporarily Restricted Net Assets	<u>\$ 39,688,177</u>	<u>\$ 34,191,092</u>
Permanently restricted net assets:		
Permanent endowments	<u>\$ 250,000</u>	<u>\$ 250,000</u>

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

State and local, and sports specific ministries	\$ 74,739,964	\$ 67,591,759
National Support Center	<u>755,445</u>	<u>1,269,153</u>
Net Assets Released from Restrictions	<u>\$ 75,495,409</u>	<u>\$ 68,860,912</u>

### 12. CONCENTRATION OF RISK

FCA maintains cash balances in a financial institution located in Independence, Missouri. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At August 31, 2014, FCA's uninsured balances totaled \$1,195,184. However, the uninsured balances are 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, 2014

### 13. LEASES

#### Capital Lease

The Organization leases phone equipment under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease and, accordingly, it is recorded in the Organization's assets and liabilities. Furniture and equipment include cost of \$117,800 and accumulated depreciation of \$22,088 related to the capital lease.

The following is a schedule of minimum lease payments required under the lease together with the present value as of August 31:

2015	\$	36,589
Less: Amount Representing Interest		<u>(1,211)</u>
Present Value of Minimum Lease Payments	\$	<u>35,378</u>

#### Operating Leases

FCA leases certain office space and equipment under operating lease agreements. Rental expenses for the years ended August 31, 2014 and 2013 were \$1,346,330 and \$1,324,198, respectively which included \$520,000 of donated rent. The minimum annual rental commitment under these leases is as follows:

<u>Year Ending August 31:</u>		
2015	\$	332,021
2016		<u>165,484</u>
Total Operating Lease Commitments	\$	<u>497,505</u>

# FELLOWSHIP OF CHRISTIAN ATHLETES

## NOTES TO FINANCIAL STATEMENTS

August 31, 2014

### **14. 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 \$1,032,744 and \$897,345 for the years ended August 31, 2014 and 2013.

### **15. CONDITIONAL PROMISES RECEIVED**

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Conditional pledges at August 31, 2014 were \$8,490,916. FCA is also the owner and beneficiary of several life insurance policies; see Note 9.

# FELLOWSHIP OF CHRISTIAN ATHLETES

## NOTES TO FINANCIAL STATEMENTS

August 31, 2014

### 16. ENDOWMENTS

The Organization's endowment consists of approximately fifty long-term investment funds, a majority of which were established for program expenses. Its endowment consists of term endowments. 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 Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) subsequent gifts to the endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with 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, 2014

### 16. ENDOWMENTS (continued)

#### Endowment Net Asset Composition by Type of Fund

As of August 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted	\$ -	\$ 12,837,503	\$ 250,000	\$13,087,503
Total Funds	<u>\$ -</u>	<u>\$ 12,837,503</u>	<u>\$ 250,000</u>	<u>\$13,087,503</u>

#### Changes in Endowment Net Assets For the Year Ended August 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ -	\$ 11,464,413	\$ 250,000	\$11,714,413
Contributions	-	872,417	-	872,417
Investment return	-	1,503,085	-	1,503,085
Released from restrictions	<u>-</u>	<u>(1,002,412)</u>	<u>-</u>	<u>(1,002,412)</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 12,837,503</u>	<u>\$ 250,000</u>	<u>\$13,087,503</u>

#### Endowment Net Asset Composition by Type of Fund

As of August 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted	\$ -	\$ 11,464,413	\$ 250,000	\$11,714,413
Total Funds	<u>\$ -</u>	<u>\$ 11,464,413</u>	<u>\$ 250,000</u>	<u>\$11,714,413</u>

# FELLOWSHIP OF CHRISTIAN ATHLETES

## NOTES TO FINANCIAL STATEMENTS

August 31, 2014

### 16. ENDOWMENTS (continued)

#### Changes in Endowment Net Assets For the Year Ended August 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Restricted</u>
Net assets, beginning of year	\$ -	\$ 11,194,291	\$ 250,000	\$ 11,444,291
Contributions	-	412,975	-	412,975
Investment return	-	803,245	-	803,245
Released from restrictions	-	(946,098)	-	(946,098)
Net assets, end of year	<u>\$ -</u>	<u>\$ 11,464,413</u>	<u>\$ 250,000</u>	<u>\$ 11,714,413</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 2014 fiscal year, the Organization has not appropriated any endowment assets.

# FELLOWSHIP OF CHRISTIAN ATHLETES

## NOTES TO FINANCIAL STATEMENTS

August 31, 2014

### **17. 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.

**ACCOMPANYING INFORMATION**



Keller & Owens, LLC

*Certified Public Accountants*

INDEPENDENT AUDITORS' REPORT ON ACCOMPANYING INFORMATION

Board of Trustees

**Fellowship of Christian Athletes**

We have audited the financial statements of **Fellowship of Christian Athletes** as of and for the year ended August 31, 2014 and our report thereon dated February 3, 2015 in which we expressed an unmodified opinion appears on pages 1 and 2. We have previously issued our opinion dated February 3, 2014 on the 2013 financial statements and supplemental information. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic 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 audit 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink that reads "Keller &amp; Owens, LLC". The signature is written in a cursive, flowing style.

Overland Park, Kansas  
February 3, 2015



## FELLOWSHIP OF CHRISTIAN ATHLETES

### SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended August 31, 2014

(With comparative totals for the year ended August 31, 2013)

	2014					2013 Total
	Program Services	General and Administration	Fund-raising	Cost of Direct Benefits to Donors	Total	
Salaries	\$ 37,702,471	\$ 5,399,757	\$ 3,687,438	\$ -	\$ 46,789,666	\$ 41,703,530
Camps/conferences	5,982,387	-	-	-	5,982,387	5,380,459
Travel	3,689,135	441,072	355,852	-	4,486,059	3,529,592
Supplies	2,435,745	420,520	228,388	-	3,084,653	2,500,216
Technology expenses	61,092	124,039	1,239	-	186,370	481,698
Payroll taxes	1,674,751	286,531	162,721	-	2,124,003	1,861,566
Cost of merchandise sold	25,046	-	429	-	25,475	26,914
Public relations and direct mail	969,019	115,144	94,679	-	1,178,842	939,775
Program events and staff training	4,308,986	9,935	17,074	11,426,960	15,762,955	13,624,504
Communications	866,132	119,898	83,213	-	1,069,243	1,034,333
Employee insurance	4,876,939	866,195	471,448	-	6,214,582	5,547,592
Postage	364,317	91,797	26,042	-	482,156	427,084
Taxes, commissions and fees	974,218	138,097	97,163	-	1,209,478	905,805
Insurance	941,576	116,210	89,906	-	1,147,692	986,489
Printing/publications	503,844	110,264	30,048	-	644,156	595,015
Utilities	154,963	144,843	15,206	-	315,012	277,906
Food	425,071	43,604	41,058	-	509,733	257,067
Rent/leases	1,066,164	175,512	104,654	-	1,346,330	1,324,198
Maintenance	175,479	176,605	16,892	-	368,976	284,416
Professional fees	556,078	546,249	47,787	-	1,150,114	1,107,850
Interest	-	4,207	-	-	4,207	7,030
Retirement plan	881,719	68,299	82,726	-	1,032,744	897,345
Discount on note receivable	-	-	-	-	-	150,000
Miscellaneous	130,038	11,481	12,300	-	153,819	120,652
Depreciation	679,905	95,445	56,116	-	831,466	1,031,543
<b>Total Functional Expenses</b>	<b><u>\$ 69,445,075</u></b>	<b><u>\$ 9,505,704</u></b>	<b><u>\$ 5,722,379</u></b>	<b><u>\$ 11,426,960</u></b>	<b><u>\$ 96,100,118</u></b>	<b><u>\$ 85,002,579</u></b>