

FELLOWSHIP OF CHRISTIAN ATHLETES
FINANCIAL STATEMENTS

Year Ended August 31, 2017
with
Independent Auditors' Report

FELLOWSHIP OF CHRISTIAN ATHLETES

FINANCIAL STATEMENTS

August 31, 2017

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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, 2017, 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 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.

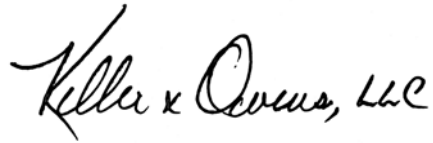
We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017, 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.

Report on Summarized Comparative Information

We have previously audited the **Fellowship of Christian Athletes'** 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Overland Park, Kansas
January 23, 2018

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF FINANCIAL POSITION

August 31, 2017

(With comparative totals as of August 31, 2016)

	2017			2016	
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
<u>ASSETS</u>					
Current Assets:					
Cash and cash equivalents	\$ 2,288,333	\$ 6,859,834	\$ -	\$ 9,148,167	\$ 10,797,896
Short-term operating investments	-	8,786,594	-	8,786,594	11,745,706
Prepaid expenses and receivables	346,565	-	-	346,565	76,183
Promises to give	-	64,335	-	64,335	57,310
Merchandise held for resale, at cost	514,482	-	-	514,482	985,535
Total Current Assets	3,149,380	15,710,763	-	18,860,143	23,662,630
Property and Equipment, net	11,497,900	-	-	11,497,900	11,357,523
Other Assets:					
Investments:					
Long-term operating investments	-	22,311,635	-	22,311,635	13,139,616
Other long-term investments	2,416,984	13,225,218	250,000	15,892,202	15,290,291
Accumulated cash surrender value of life insurance policies	-	481,281	-	481,281	450,759
Intangible asset, net	475,000	-	-	475,000	575,000
Total Other Assets	2,891,984	36,018,134	250,000	39,160,118	29,455,666
Total Assets	\$ 17,539,264	\$ 51,728,897	\$ 250,000	\$ 69,518,161	\$ 64,475,819
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities:					
Accounts payable	\$ 2,792,273	\$ -	\$ -	\$ 2,792,273	\$ 2,507,704
Accrued payroll taxes and benefits	1,207,966	-	-	1,207,966	846,155
Current portion of post-retirement obligation	39,984	-	-	39,984	-
Total Current Liabilities	4,040,223	-	-	4,040,223	3,353,859
Post-retirement obligation	267,190	-	-	267,190	-
Total Liabilities	4,307,413	-	-	4,307,413	3,353,859
Net Assets	13,231,851	51,728,897	250,000	65,210,748	61,121,960
Total Liabilities and Net Assets	\$ 17,539,264	\$ 51,728,897	\$ 250,000	\$ 69,518,161	\$ 64,475,819

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF ACTIVITIES

Year Ended August 31, 2017

(With comparative totals for the year ended August 31, 2016)

	2017			Total	2016 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and Revenue:					
Contributions	\$ 239,427	\$ 106,596,856	\$ -	\$ 106,836,283	\$ 99,066,187
Camps/conferences	5,454,511	-	-	5,454,511	5,548,757
Membership, subscriptions, and chartering fees	93,777	-	-	93,777	100,107
Sale of merchandise	166,767	-	-	166,767	192,834
Special events fees	61,138	9,608,024	-	9,669,162	8,988,627
Other non-contribution revenue	5,382,115	-	-	5,382,115	5,212,225
Investment return	384,065	1,202,904	-	1,586,969	1,193,139
Gain (loss) on sale of property and equipment	13,483	-	-	13,483	(16,341)
Net assets released from restrictions	112,487,149	(112,487,149)	-	-	-
Total Support and Revenue	<u>124,282,432</u>	<u>4,920,635</u>	<u>-</u>	<u>129,203,067</u>	<u>120,285,535</u>
Expenses:					
Program services	92,023,733	-	-	92,023,733	82,756,971
Cost of direct benefits to donors	12,117,042	-	-	12,117,042	13,321,246
General and administration	13,409,609	-	-	13,409,609	11,399,055
Fund-raising	7,563,895	-	-	7,563,895	6,719,962
Total Expenses	<u>125,114,279</u>	<u>-</u>	<u>-</u>	<u>125,114,279</u>	<u>114,197,234</u>
Change in Net Assets	(831,847)	4,920,635	-	4,088,788	6,088,301
Net Assets at Beginning of Year	<u>14,063,698</u>	<u>46,808,262</u>	<u>250,000</u>	<u>61,121,960</u>	<u>55,033,659</u>
Net Assets at End of Year	<u>\$ 13,231,851</u>	<u>\$ 51,728,897</u>	<u>\$ 250,000</u>	<u>\$ 65,210,748</u>	<u>\$ 61,121,960</u>

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF CASH FLOWS

Year Ended August 31, 2017

(With comparative totals for the year ended August 31, 2016)

	2017	2016
Cash Flows from Operating Activities:		
Change in net assets	\$ 4,088,788	\$ 6,088,301
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,396,790	1,360,931
(Gain) loss on sale of property and equipment	(13,483)	16,341
Net gain on sale of investments	(148,431)	(52,377)
Unrealized gain on investments	(732,874)	(440,478)
Donated securities	(1,062,639)	(1,088,947)
Donated property	(49,900)	(52,325)
Actuarial adjustment	-	17,944
(Increase) decrease in assets:		
Prepaid expenses and receivables	(270,382)	4,285
Merchandise held for resale, at cost	471,053	(188,506)
Promises to give	(7,025)	3,833
Increase (decrease) in liabilities:		
Accounts payable	284,569	898,815
Accrued payroll taxes and benefits	361,811	(565,921)
Post-retirement obligation	307,174	(565,921)
Net cash provided by operating activities	4,625,451	5,435,975
Cash Flows from Investing Activities:		
Net (purchases) proceeds of investments	(4,870,874)	2,311,066
Increase in cash surrender value of life insurance	(30,522)	(26,678)
Purchase of property and equipment	(1,491,830)	(1,834,268)
Proceeds from sale of property and equipment	118,046	58,975
Net cash (used) provided by investing activities	(6,275,180)	509,095
Cash Flows from Financing Activities:		
Payments received on note receivable	-	30,000
Net cash provided by financing activities	-	30,000
Net Change in Cash and Cash Equivalents	(1,649,729)	5,975,070
Cash and Cash Equivalents at Beginning of Year	10,797,896	4,256,905
Cash and Cash Equivalents at End of Year	\$ 9,148,167	\$ 10,231,975

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

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 Financial Accounting Standards Board (FASB) Accounting Standards Codification (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 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, 2016 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, and highly liquid investments with maturities of three months or less, when purchased.

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, 2017

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Contributions (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 \$1,062,639 and \$1,088,947 are included in cash flows from operating activities for the years ended August 31, 2017 and 2016, 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, receivables, promises to give, accrued payroll taxes and benefits and accounts payable approximated fair values as of August 31, 2017 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, 2017

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Income taxes (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, 2017 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 the operations of the national, state and local offices of FCA. The National Support Center provides receipting of funds, disbursement controls, centralized accounting and other operational services for those offices for approximately 1,750 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

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Subsequent events – Management has evaluated events and transactions that have occurred since August 31, 2017 and reflected their effects, if any, in these financial statements through January 23, 2018, the date the financial statements were available to be issued.

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, 2017

2. FAIR VALUE MEASUREMENTS (continued)

Fair values of assets measured on a recurring basis at August 31, 2017 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	\$ 1,102,320	\$ 1,102,320	\$ -	\$ -
Common stock	172,733	172,733	-	-
Domestic stock funds	3,725,722	3,725,722	-	-
International stock funds	2,389,459	2,389,459	-	-
Bond funds	7,606,243	7,606,243	-	-
Commodities	308,199	308,199	-	-
Other mutual funds	382,608	382,608	-	-
US Government obligations	1,819,940	74,345	1,745,595	-
Corporate bonds	7,130,020	130,573	6,999,447	-
Certificates of deposit	22,353,187	-	22,353,187	-
Sweep account*	<u>2,959,881</u>	<u>-</u>	<u>2,959,881</u>	<u>-</u>
Total Assets	<u>\$ 49,950,312</u>	<u>\$ 15,892,202</u>	<u>\$ 34,058,110</u>	<u>\$ -</u>

Fair values of assets measured on a recurring basis at August 31, 2016 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	\$ 657,246	\$ 657,246	\$ -	\$ -
Common stock	24,793	24,793	-	-
Domestic stock funds	3,821,300	3,821,300	-	-
International stock funds	2,288,307	2,288,307	-	-
Bond funds	7,406,659	7,406,659	-	-
Commodities	261,297	261,297	-	-
Other mutual funds	442,399	442,399	-	-
US Government obligations	2,821,781	243,618	2,578,163	-
Corporate bonds	6,281,056	144,672	6,136,384	-
Certificates of deposit	16,170,775	-	16,170,775	-
Sweep account*	<u>2,812,433</u>	<u>-</u>	<u>2,812,433</u>	<u>-</u>
Total Assets	<u>\$ 42,988,046</u>	<u>\$ 15,290,291</u>	<u>\$ 27,697,755</u>	<u>\$ -</u>

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

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

3. PREPAID EXPENSES AND RECEIVABLES

Included in prepaid expenses and receivables is interest receivable in the amount of \$95,896 and \$61,104 for the years ended August 31, 2017 and 2016, respectively. Also included are amounts due from employees for travel advances. All amounts are considered collectible and no collateral is required.

4. PROMISES TO GIVE

Unconditional promises to give are \$64,335 and \$57,310, respectively, at August 31, 2017 and 2016. These amounts are expected to be collected in full within twelve months.

5. PROPERTY AND EQUIPMENT

Property and equipment includes the following at August 31:

	<u>2017</u>	<u>2016</u>
Land	\$ 1,196,940	\$ 1,147,040
Land improvements	179,196	244,190
Buildings	11,730,535	11,730,535
Building improvements	913,021	853,718
Furniture and equipment	10,576,792	10,250,783
Construction in process/assets not in service	<u>1,699,734</u>	<u>905,771</u>
	26,296,218	25,132,037
Less accumulated depreciation	<u>14,798,318</u>	<u>13,774,514</u>
Net Property and Equipment	<u>\$ 11,497,900</u>	<u>\$ 11,357,523</u>

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

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, 2017:

Amortized intangible asset:	
Movie rights	\$ 700,000
Accumulated amortization	<u>225,000</u>
Net carrying value	<u>\$ 475,000</u>

Amortization expense-current year	\$ 100,000
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Future annual amortization expense will be as follows:

<u>Year Ending August 31:</u>	
2018	\$ 100,000
2019	100,000
2020	100,000
2021	100,000
2022	<u>75,000</u>
Total Future Amortization Expenses	<u>\$ 475,000</u>

7. INVESTMENTS

Operating investments consists of the following at August 31:

	<u>2017</u>	<u>2016</u>
Short-term operating investments:		
Certificates of deposit	\$ 6,817,178	\$ 9,204,390
Bonds & US Government obligations	<u>1,969,416</u>	<u>2,541,316</u>
Total Short-term Operating Investments	8,786,594	11,745,706
Long-term operating investments:		
Certificates of deposit	15,536,009	6,966,385
Bonds & US Government obligations	<u>6,775,626</u>	<u>6,173,231</u>
Total Long-term Operating Investments	<u>22,311,635</u>	<u>13,139,616</u>
Total Operating Investments	<u>\$ 31,098,229</u>	<u>\$ 24,885,322</u>

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

7. INVESTMENTS (continued)

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

	2017	2016
Managed investments:		
Cash and cash equivalents	\$ 1,102,320	\$ 657,246
US Government obligations	74,345	243,618
Bond funds and other investments	8,427,623	8,255,027
Common stock and stock funds	6,286,913	6,119,607
Total Managed Investments	15,891,201	15,275,498
Other long-term investments:		
Common stock	1,001	14,793
Total Other Long-term Investments	\$ 15,892,202	\$ 15,290,291

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

National Support Center Building Fund	\$ 11,750	\$ 11,299
National Camp Scholarship Fund	1,524,256	1,408,668
National Ministry Endowment Fund	79,413	74,797
John Erickson Presidential Endowment Fund	147,354	138,854
Golf Ministry Endowment Fund	644,845	623,927
Jeffrey/Lane Endowment Fund	408,611	390,162
Legacy Fund	295,970	342,736
National Support Center Fund	2,463,751	2,411,440
State and Local Chapter Endowment Funds	10,315,251	9,873,615
Total Managed Investments	\$ 15,891,201	\$ 15,275,498

Income from investments is summarized as follows:

Interest and dividends	\$ 705,664	\$ 700,284
Net realized gains	148,431	52,377
Net unrealized gains	732,874	440,478
Total Investment Return	\$ 1,586,969	\$ 1,193,139

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

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, 2017 was \$2,162,094. The accumulated cash surrender value of all policies held is recorded in the financial statements as temporarily restricted assets.

9. RESTRICTED NET ASSETS

Restricted net assets consist of the following at August 31:

	2017	2016
Temporarily restricted net assets:		
Programs and ministry	\$ <u>51,728,897</u>	\$ <u>46,808,262</u>
Total Temporarily Restricted Net Assets	\$ <u>51,728,897</u>	\$ <u>46,808,262</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	\$ 111,180,502	\$ 100,645,277
National Support Center	<u>1,306,647</u>	<u>2,168,450</u>
Net Assets Released from Restrictions	\$ <u>112,487,149</u>	\$ <u>102,813,727</u>

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

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, 2017, FCA's uninsured balances totaled \$2,310,069. 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.

11. LEASES

Operating Leases

FCA leases certain office space and equipment under operating lease agreements. Rental expenses for the years ended August 31, 2017 and 2016 were \$1,470,950 and \$1,451,595, 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>	
2018	\$ 541,933
2019	<u>246,276</u>
Total Operating Lease Commitments	<u>\$ 788,209</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 \$1,461,069 and \$1,344,866 for the years ended August 31, 2017 and 2016, respectively.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

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, 2017 were \$4,060,340. FCA is also the owner and beneficiary of several life insurance policies; see Note 8.

14. ENDOWMENTS

The Organization's endowment consists of approximately sixty 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, 2017

14. ENDOWMENTS (continued)

Endowment Net Asset Composition by Type of Fund

As of August 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ 13,087,380	\$ 250,000	\$13,337,380
Total Funds	\$ -	\$ 13,087,380	\$ 250,000	\$13,337,380

Changes in Endowment Net Assets For the Year Ended August 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	\$ -	\$ 12,371,722	\$ 250,000	\$12,621,722
Contributions	-	434,229	-	434,229
Investment return	-	1,149,836	-	1,149,836
Released from restrictions	-	(868,407)	-	(868,407)
Net assets, end of year	\$ -	\$ 13,087,380	\$ 250,000	\$13,337,380

Endowment Net Asset Composition by Type of Fund

As of August 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ 12,371,722	\$ 250,000	\$12,621,722
Total Funds	\$ -	\$ 12,371,722	\$ 250,000	\$12,621,722

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

14. ENDOWMENTS (continued)

Changes in Endowment Net Assets For the Year Ended August 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ -	\$ 11,555,122	\$ 250,000	\$11,805,122
Contributions	-	246,445	-	246,445
Investment return	-	760,244	-	760,244
Released from restrictions	<u>-</u>	<u>(190,089)</u>	<u>-</u>	<u>(190,089)</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 12,371,722</u>	<u>\$ 250,000</u>	<u>\$12,621,722</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 2018 fiscal year, the Organization has not appropriated any endowment assets.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

15. POST-RETIREMENT OBLIGATION

FCA's 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, 2017, calculated over the remaining payment period and using a discount rate of 5%, is \$307,174. 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>	
2018	\$ 39,984
2019	38,094
2020	36,288
2021	34,566
2022	32,928
Thereafter	<u>125,314</u>
Total Post-Retirement Obligation	<u>\$ 307,174</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.

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, 2017 and our report thereon dated January 23, 2018 in which we expressed an unmodified opinion appears on pages 1 and 2. We have previously issued our opinion dated January 27, 2017 on the 2016 financial statements and supplemental information. Our audit was performed 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 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 as a whole.

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

Overland Park, Kansas
January 23, 2018

FELLOWSHIP OF CHRISTIAN ATHLETES

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended August 31, 2017

(With comparative totals for the year ended August 31, 2016)

	2017					2016
Program Services	General and Administration	Fund-raising	Cost of Direct Benefits to Donors	Total	Total	
Salaries	\$ 50,425,489	\$ 7,073,235	\$ 4,908,784	\$ -	\$ 62,407,508	\$ 56,677,718
Camps/conferences	7,627,039	-	-	-	7,627,039	7,079,473
Travel	3,841,490	487,563	359,641	-	4,688,694	4,408,851
Supplies	2,723,370	294,186	263,162	-	3,280,718	3,093,842
Technology expenses	23,560	1,235,104	292	-	1,258,956	542,738
Payroll taxes	2,181,836	372,406	213,188	-	2,767,430	2,564,043
Cost of merchandise sold	76,932	-	5	-	76,937	94,671
Public relations and direct mail	1,418,541	324,746	175,815	-	1,919,102	1,425,159
Program events and staff training	6,633,293	64,158	24,209	12,117,042	18,838,702	18,860,693
Communications	947,164	158,706	91,450	-	1,197,320	1,147,872
Employee insurance	6,513,689	1,099,091	630,789	-	8,243,569	7,188,604
Postage	386,667	97,580	25,342	-	509,589	517,277
Taxes, commissions and fees	1,378,138	195,528	135,558	-	1,709,224	1,514,075
Insurance	856,814	152,537	84,750	-	1,094,101	1,118,947
Printing/publications	500,284	130,503	34,044	-	664,831	667,732
Utilities	199,607	102,154	15,234	-	316,995	327,191
Food	1,030,723	93,614	92,788	-	1,217,125	803,077
Rent/leases	1,200,254	153,774	116,922	-	1,470,950	1,451,595
Maintenance	317,094	84,369	27,732	-	429,195	400,165
Professional fees	1,283,740	954,061	150,838	-	2,388,639	1,498,366
Retirement plan	1,177,968	167,825	115,276	-	1,461,069	1,344,866
Miscellaneous	127,374	11,109	11,313	-	149,796	109,348
Depreciation	1,052,667	157,360	86,763	-	1,296,790	1,260,931
Amortization	100,000	-	-	-	100,000	100,000
Total Functional Expenses	<u>\$ 92,023,733</u>	<u>\$ 13,409,609</u>	<u>\$ 7,563,895</u>	<u>\$ 12,117,042</u>	<u>\$ 125,114,279</u>	<u>\$ 114,197,234</u>