

FELLOWSHIP OF CHRISTIAN ATHLETES
FINANCIAL STATEMENTS

Year Ended August 31, 2016
with
Independent Auditors' Report

FELLOWSHIP OF CHRISTIAN ATHLETES

FINANCIAL STATEMENTS

August 31, 2016

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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, 2016, 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.

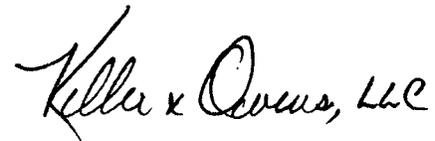
We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016, 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'** 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2015, 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 "Kella x Owens, LLC". The signature is written in a cursive, flowing style.

Overland Park, Kansas
January 27, 2017

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF FINANCIAL POSITION

August 31, 2016

(With comparative totals as of August 31, 2015)

	2016				2015
<u>ASSETS</u>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Current Assets:					
Cash and cash equivalents	\$ 2,011,876	\$ 8,786,020	\$ -	\$ 10,797,896	\$ 4,256,905
Short-term operating investments	-	11,745,706	-	11,745,706	6,719,389
Prepaid expenses and receivables	76,183	-	-	76,183	80,468
Promises to give	-	57,310	-	57,310	61,143
Merchandise held for resale, at cost	985,535	-	-	985,535	797,029
Total Current Assets	3,073,594	20,589,036	-	23,662,630	11,914,934
Property and Equipment, net	11,357,523	-	-	11,357,523	10,807,177
Other Assets:					
Investments:					
Long-term operating investments	-	13,139,616	-	13,139,616	19,712,087
Other long-term investments	2,411,440	12,628,851	250,000	15,290,291	14,473,401
Note receivable	-	-	-	-	30,000
Accumulated cash surrender value of life insurance policies	-	450,759	-	450,759	424,081
Intangible asset, net	575,000	-	-	575,000	675,000
Life income gifts	-	-	-	-	35,324
Total Other Assets	2,986,440	26,219,226	250,000	29,455,666	35,349,893
Total Assets	\$ 17,417,557	\$ 46,808,262	\$ 250,000	\$ 64,475,819	\$ 58,072,004
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities:					
Accounts payable	\$ 2,507,704	\$ -	\$ -	\$ 2,507,704	\$ 1,608,889
Accrued payroll taxes and benefits	846,155	-	-	846,155	1,412,076
Total Current Liabilities	3,353,859	-	-	3,353,859	3,020,965
Long-Term Debt:					
Charitable trust	-	-	-	-	17,380
Total Long-Term Debt	-	-	-	-	17,380
Total Liabilities	3,353,859	-	-	3,353,859	3,038,345
Net Assets	14,063,698	46,808,262	250,000	61,121,960	55,033,659
Total Liabilities and Net Assets	\$ 17,417,557	\$ 46,808,262	\$ 250,000	\$ 64,475,819	\$ 58,072,004

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF ACTIVITIES

Year Ended August 31, 2016

(With comparative totals for the year ended August 31, 2015)

	2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2015 Total
Support and Revenue:					
Contributions	\$ 141,453	\$ 98,924,734	\$ -	\$ 99,066,187	\$ 88,473,128
Camps/conferences	5,548,757	-	-	5,548,757	5,247,908
Membership, subscriptions, and chartering fees	100,107	-	-	100,107	127,323
Sale of merchandise	192,834	-	-	192,834	168,565
Special events fees	145,028	8,843,599	-	8,988,627	9,351,472
Other non-contribution revenue	5,212,225	-	-	5,212,225	6,548,678
Investment return	430,519	762,620	-	1,193,139	(334,612)
Loss on sale of property and equipment	(16,341)	-	-	(16,341)	(507,561)
Net assets released from restrictions	<u>102,813,727</u>	<u>(102,813,727)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Support and Revenue	 <u>114,568,309</u>	 <u>5,717,226</u>	 <u>-</u>	 <u>120,285,535</u>	 <u>109,074,901</u>
Expenses:					
Program services	82,756,971	-	-	82,756,971	77,021,632
Cost of direct benefits to donors	13,321,246	-	-	13,321,246	12,417,577
General and administration	11,399,055	-	-	11,399,055	10,246,183
Fund-raising	<u>6,719,962</u>	<u>-</u>	<u>-</u>	<u>6,719,962</u>	<u>6,213,839</u>
 Total Expenses	 <u>114,197,234</u>	 <u>-</u>	 <u>-</u>	 <u>114,197,234</u>	 <u>105,899,231</u>
 Change in Net Assets	 371,075	 5,717,226	 -	 6,088,301	 3,175,670
Net Assets at Beginning of Year	<u>13,692,623</u>	<u>41,091,036</u>	<u>250,000</u>	<u>55,033,659</u>	<u>51,857,989</u>
Net Assets at End 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>

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF CASH FLOWS

Year Ended August 31, 2016

(With comparative totals for the year ended August 31, 2015)

	2016	2015
Cash Flows from Operating Activities:		
Change in net assets	\$ 6,088,301	\$ 3,175,670
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,360,931	1,062,775
Loss on sale of property and equipment	16,341	507,561
Net gain on sale of investments	(52,377)	(477,277)
Unrealized (gain) loss on investments	(440,478)	1,331,957
Actuarial adjustment	17,944	-
Donated securities	(1,088,947)	(892,513)
Donated property	(52,325)	(37,950)
(Increase) decrease in assets:		
Prepaid expenses and receivables	4,285	(8,508)
Merchandise held for resale, at cost	(188,506)	(196,949)
Promises to give	3,833	13,575
Increase (decrease) in liabilities:		
Accounts payable	898,815	(136,008)
Accrued payroll taxes and benefits	(565,921)	(278,766)
Net cash provided by operating activities	6,001,896	4,063,567
Cash Flows from Investing Activities:		
Net (purchases) proceeds of investments	2,311,066	(12,600,876)
Increase in cash surrender value of life insurance	(26,678)	-
Purchase of intangible asset	-	(700,000)
Purchase of property and equipment	(1,834,268)	(1,467,907)
Proceeds from sale of property and equipment	58,975	371,351
Net cash provided (used) by investing activities	509,095	(14,397,432)
Cash Flows from Financing Activities:		
Payments received on note receivable	30,000	-
Payments on capital lease	-	(35,378)
Net cash provided (used) by financing activities	30,000	(35,378)
Net Change in Cash and Cash Equivalents	6,540,991	(10,369,243)
Cash and Cash Equivalents at Beginning of Year	4,256,905	14,626,148
Cash and Cash Equivalents at End of Year	\$ 10,797,896	\$ 4,256,905
NON-CASH INVESTING ACTIVITIES		
Property sold by note receivable	\$ -	\$ 30,000

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2016

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 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, 2015 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, 2016

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 \$1,088,947 and \$892,513 are included in cash flows from operating activities for the years ended August 31, 2016 and 2015, 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, 2016 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, 2016

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, 2016 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 1,500 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, 2016

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Subsequent events – Management has evaluated events and transactions that have occurred since August 31, 2016 and reflected their effects, if any, in these financial statements through January 27, 2017, 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, 2016

2. FAIR VALUE MEASUREMENTS (continued)

Fair values of assets measured on a recurring basis at August 31, 2016 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	\$ 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>

Fair values of assets measured on a recurring basis at August 31, 2015 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	\$ 424,476	\$ 424,476	\$ -	\$ -
Common stock	64,290	64,290	-	-
Domestic stock funds	3,666,084	3,666,084	-	-
International stock funds	1,920,862	1,920,862	-	-
Bond funds	7,001,593	7,001,593	-	-
Commodities	309,736	309,736	-	-
Other mutual funds	474,742	474,742	-	-
US Government obligations	3,876,815	402,235	3,474,580	-
Corporate bonds	5,823,764	209,383	5,614,381	-
Certificates of deposit	17,342,515	-	17,342,515	-
Sweep account*	<u>1,990,364</u>	<u>-</u>	<u>1,990,364</u>	<u>-</u>
Total Assets	<u>\$ 42,895,241</u>	<u>\$ 14,473,401</u>	<u>\$ 28,421,840</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, 2016

3. PREPAID EXPENSES AND RECEIVABLES

Included in prepaid expenses and receivables is interest receivable in the amount of \$61,104 and \$57,279 for the years ended August 31, 2016 and 2015, 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 \$57,310 and \$61,143, respectively, at August 31, 2016 and 2015. These amounts are expected to be collected in full within twelve months.

5. PROPERTY AND EQUIPMENT

Property and equipment includes the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 1,147,040	\$ 1,147,040
Land improvements	244,190	244,190
Buildings	11,730,535	11,730,535
Building improvements	853,718	823,604
Furniture and equipment	10,250,783	9,566,109
Construction in process/assets not in service	<u>905,771</u>	<u>-</u>
	25,132,037	23,511,478
Less accumulated depreciation	<u>13,774,514</u>	<u>12,704,301</u>
Net Property and Equipment	<u>\$ 11,357,523</u>	<u>\$ 10,807,177</u>

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2016

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, 2016:

Amortized intangible asset:	
Movie rights	\$ 700,000
Accumulated amortization	<u>125,000</u>
Net carrying value	<u>\$ 575,000</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>	
2017	\$ 100,000
2018	100,000
2019	100,000
2020	100,000
2021	100,000
Subsequent years	<u>75,000</u>
Total Future Amortization Expenses	<u>\$ 575,000</u>

7. INVESTMENTS

Operating investments at August 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Short-term operating investments:		
Certificates of deposit	\$ 9,204,390	\$ 5,442,114
Bonds & US Government obligations	<u>2,541,316</u>	<u>1,277,275</u>
Total Short-term Operating Investments	11,745,706	6,719,389
Long-term operating investments:		
Certificates of deposit	6,966,385	11,900,401
Bonds & US Government obligations	<u>6,173,231</u>	<u>7,811,686</u>
Total Long-term Operating Investments	<u>13,139,616</u>	<u>19,712,087</u>
Total Operating Investments	<u>\$ 24,885,322</u>	<u>\$ 26,431,476</u>

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2016

7. INVESTMENTS (continued)

Other long-term investments at August 31, 2016 and 2015 consisted of the following:

	2016	2015
Managed investments:		
Cash and cash equivalents	\$ 657,246	\$ 424,476
US Government obligations	243,618	402,235
Bond funds and other investments	8,255,027	7,995,453
Common stock and stock funds	6,119,607	5,605,803
Total Managed Investments	15,275,498	14,427,967
Other long-term investments:		
Common stock	14,793	45,434
Total Other Long-term Investments	\$ 15,290,291	\$ 14,473,401

At August 31, 2016 and 2015, the managed investments by fund were as follows:

National Support Center Building Fund	\$ 11,299	\$ 11,104
National Camp Scholarship Fund	1,408,668	1,384,853
National Ministry Endowment Fund	74,797	74,254
John Erickson Presidential Endowment Fund	138,854	137,817
Golf Ministry Endowment Fund	623,927	631,305
Jeffrey/Lane Endowment Fund	390,162	391,301
Legacy Fund	342,736	330,231
National Support Center Fund	2,411,440	2,292,614
State and Local Chapter Endowment Funds	9,873,615	9,174,488
Total Managed Investments	\$ 15,275,498	\$ 14,427,967

Income from investments is summarized as follows:

Interest and dividends	\$ 700,284	\$ 520,068
Net realized gains	52,377	477,277
Net unrealized (losses) gains	440,478	(1,331,957)
Total Investment Return	\$ 1,193,139	\$ (334,612)

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2016

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, 2016 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:

	<u>2016</u>	<u>2015</u>
Temporarily restricted net assets:		
Programs and ministry	\$ 46,808,262	\$ 41,073,092
Future interest in charitable trust	<u>-</u>	<u>17,944</u>
Total Temporarily Restricted Net Assets	<u>\$ 46,808,262</u>	<u>\$ 41,091,036</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	\$ 100,645,277	\$ 84,182,546
National Support Center	<u>2,168,450</u>	<u>2,364,921</u>
Net Assets Released from Restrictions	<u>\$ 102,813,727</u>	<u>\$ 86,547,467</u>

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2016

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, 2016, FCA's uninsured balances totaled \$2,812,433. 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, 2016 and 2015 were \$1,451,595 and \$1,427,177, 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>	
2017	\$ 490,696
2018	<u>200,935</u>
Total Operating Lease Commitments	<u>\$ 691,631</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 \$1,344,866 and \$1,177,236 for the years ended August 31, 2016 and 2015.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2016

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, 2016 were \$4,900,920. 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, 2016

14. ENDOWMENTS (continued)

Endowment Net Asset Composition by Type of Fund As of August 31, 2016

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

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>

Endowment Net Asset Composition by Type of Fund As of August 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted	\$ -	\$ 11,555,122	\$ 250,000	\$11,805,122
Total Funds	<u>\$ -</u>	<u>\$ 11,555,122</u>	<u>\$ 250,000</u>	<u>\$11,805,122</u>

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2016

14. ENDOWMENTS (continued)

Changes in Endowment Net Assets For the Year Ended August 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ -	\$ 12,837,503	\$ 250,000	\$13,087,503
Contributions	-	175,858	-	175,858
Investment return	-	(476,331)	-	(476,331)
Released from restrictions	-	(981,908)	-	(981,908)
Net assets, end of year	<u>\$ -</u>	<u>\$ 11,555,122</u>	<u>\$ 250,000</u>	<u>\$11,805,122</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 2017 fiscal year, the Organization has not appropriated any endowment assets.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2016

15. 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, 2016 and our report thereon dated January 27, 2017 in which we expressed an unmodified opinion appears on pages 1 and 2. We have previously issued our opinion dated January 27, 2016 on the 2015 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.

Overland Park, Kansas
January 27, 2017

FELLOWSHIP OF CHRISTIAN ATHLETES

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended August 31, 2016

(With comparative totals for the year ended August 31, 2015)

	2015					
Program Services	General and Administration	Fund-raising	Cost of Direct Benefits to Donors	Total	2015 Total	Total
Salaries	\$ 45,684,257	\$ 6,553,514	\$ 4,439,947	\$ -	\$ 56,677,718	\$ 51,258,569
Camps/conferences	7,079,473	-	-	-	7,079,473	6,312,697
Travel	3,517,004	561,720	330,127	-	4,408,851	5,369,469
Supplies	2,649,115	194,638	250,089	-	3,093,842	3,070,234
Technology expenses	19,676	522,931	131	-	542,738	548,471
Payroll taxes	2,020,433	348,305	195,305	-	2,564,043	2,319,243
Cost of merchandise sold	94,216	-	455	-	94,671	79,819
Public relations and direct mail	1,165,080	147,459	112,620	-	1,425,159	1,288,087
Program events and staff training	5,489,616	26,933	22,898	13,321,246	18,860,693	17,696,256
Communications	906,064	155,245	86,563	-	1,147,872	1,081,933
Employee insurance	5,657,717	987,298	543,589	-	7,188,604	6,664,874
Postage	397,062	94,616	25,599	-	517,277	508,890
Taxes, commissions and fees	1,192,065	203,480	118,530	-	1,514,075	1,412,320
Insurance	879,483	154,078	85,386	-	1,118,947	1,135,022
Printing/publications	498,480	133,490	35,762	-	667,732	639,416
Utilities	207,496	103,628	16,067	-	327,191	314,488
Food	671,839	66,374	64,864	-	803,077	746,512
Rent/leases	1,167,122	170,800	113,673	-	1,451,595	1,427,177
Maintenance	294,755	80,377	25,033	-	400,165	345,744
Professional fees	870,562	571,177	56,627	-	1,498,366	1,353,986
Interest	-	-	-	-	-	3,195
Retirement plan	1,071,780	168,694	104,392	-	1,344,866	1,177,236
Miscellaneous	92,663	8,343	8,342	-	109,348	82,818
Depreciation	1,031,013	145,955	83,963	-	1,260,931	1,037,775
Amortization	100,000	-	-	-	100,000	25,000
Total Functional Expenses	<u>\$ 82,756,971</u>	<u>\$ 11,399,055</u>	<u>\$ 6,719,962</u>	<u>\$ 13,321,246</u>	<u>\$ 114,197,234</u>	<u>\$ 105,899,231</u>