

FELLOWSHIP OF CHRISTIAN ATHLETES
FINANCIAL STATEMENTS

Year Ended August 31, 2010
with
Report of Independent Auditors

FELLOWSHIP OF CHRISTIAN ATHLETES

FINANCIAL STATEMENTS

August 31, 2010

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Keller & Owens, LLC

Certified Public Accountants

REPORT OF INDEPENDENT AUDITORS

Board of Trustees

Fellowship of Christian Athletes

We have audited the accompanying statement of financial position of **Fellowship of Christian Athletes** (FCA) as of August 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of FCA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the **Fellowship of Christian Athletes'** 2009 financial statements and, in our report dated February 8, 2010, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Fellowship of Christian Athletes** at August 31, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

February 9, 2011

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF FINANCIAL POSITION

August 31, 2010

(With comparative totals as of August 31, 2009)

	2010			2009 Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
<u>ASSETS</u>					
Current Assets:					
Cash and cash equivalents	\$ 1,768,432	\$ 15,313,025	\$ -	\$ 17,081,457	\$ 14,790,210
Prepaid expenses and receivables	426,006	-	-	426,006	457,096
Promises to give	-	86,039	-	86,039	131,244
Note receivable	250,000	-	-	250,000	250,000
Merchandise held for resale, at cost	912,698	-	-	912,698	526,177
Total Current Assets	<u>3,357,136</u>	<u>15,399,064</u>	<u>-</u>	<u>18,756,200</u>	<u>16,154,727</u>
Property and Equipment	12,526,941	-	-	12,526,941	12,723,582
Other Assets:					
Investments	10,000	9,525,476	595,900	10,131,376	9,976,590
Note receivable	2,022,807	-	-	2,022,807	2,098,345
Accumulated cash surrender value of life insurance policies	-	419,692	-	419,692	397,733
Life income gifts	-	35,324	-	35,324	35,324
Total Other Assets	<u>2,032,807</u>	<u>9,980,492</u>	<u>595,900</u>	<u>12,609,199</u>	<u>12,507,992</u>
Total Assets	<u>\$ 17,916,884</u>	<u>\$ 25,379,556</u>	<u>\$ 595,900</u>	<u>\$ 43,892,340</u>	<u>\$ 41,386,301</u>
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities:					
Accounts payable	\$ 2,618,046	\$ -	\$ -	\$ 2,618,046	\$ 1,771,093
Accrued payroll taxes and benefits	1,336,833	-	-	1,336,833	1,390,214
Current portion of notes payable	486,860	-	-	486,860	401,570
Current portion of annuities payable	-	-	-	-	8,820
Total Current Liabilities	<u>4,441,739</u>	<u>-</u>	<u>-</u>	<u>4,441,739</u>	<u>3,571,697</u>
Long-Term Debt:					
Notes payable	509,915	-	-	509,915	996,776
Charitable trust	-	27,424	-	27,424	27,424
Annuities	-	-	-	-	42,968
Total Long-Term Debt	<u>509,915</u>	<u>27,424</u>	<u>-</u>	<u>537,339</u>	<u>1,067,168</u>
Total Liabilities	4,951,654	27,424	-	4,979,078	4,638,865
Net Assets	<u>12,965,230</u>	<u>25,352,132</u>	<u>595,900</u>	<u>38,913,262</u>	<u>36,747,436</u>
Total Liabilities and Net Assets	<u>\$ 17,916,884</u>	<u>\$ 25,379,556</u>	<u>\$ 595,900</u>	<u>\$ 43,892,340</u>	<u>\$ 41,386,301</u>

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF ACTIVITIES

Year Ended August 31, 2010

(With comparative totals for the year ended August 31, 2009)

	2010			Total	2009 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and Revenue:					
Contributions	\$ 13,909	\$ 56,844,237	\$ -	\$ 56,858,146	\$ 56,341,779
Camps/conferences	3,212,483	-	-	3,212,483	2,828,478
Membership, subscriptions, and chartering fees	241,175	-	-	241,175	285,481
Sale of merchandise	366,480	-	-	366,480	410,668
Special events fees	8,444,455	-	-	8,444,455	7,931,323
Other non-contribution revenue	1,952,297	-	-	1,952,297	1,301,282
Investment return	272,742	977,935	-	1,250,677	(555,574)
Gain (loss) on sale of property and equipment	21,721	-	-	21,721	(276,525)
Increase in cash surrender value of life insurance policies	-	21,958	-	21,958	21,691
Actuarial adjustment of charitable trust	-	-	-	-	1,000
Net assets released from restrictions	55,335,881	(55,335,881)	-	-	-
Total Support and Revenue	69,861,143	2,508,249	-	72,369,392	68,289,603
Expenses:					
Program services	49,692,111	-	-	49,692,111	50,960,294
Cost of direct benefits to donors	9,515,930	-	-	9,515,930	10,196,913
General and administration	7,109,811	-	-	7,109,811	6,925,568
Fund-raising	3,885,714	-	-	3,885,714	4,068,769
Total Expenses	70,203,566	-	-	70,203,566	72,151,544
Change in Net Assets	(342,423)	2,508,249	-	2,165,826	(3,861,941)
Net Assets at Beginning of Year	13,307,653	22,843,883	595,900	36,747,436	40,609,377
Net Assets at End of Year	\$ 12,965,230	\$ 25,352,132	\$ 595,900	\$ 38,913,262	\$ 36,747,436

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF CASH FLOWS Year Ended August 31, 2010

(With comparative totals for the year ended August 31, 2009)

	2010	2009
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,165,826	\$ (3,861,941)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,105,287	789,426
Gain on sale of property and equipment	(21,721)	-
Net (gain) loss on sale of investments	(37,603)	1,361,370
Unrealized (gain) loss on investments	(474,281)	45,940
Donated securities	(477,274)	(493,588)
Donated property	-	(747,455)
(Increase) decrease in assets:		
Prepaid expenses and other receivables	31,090	27,532
Merchandise held for resale	(386,521)	337,236
Promises to give	45,205	-
Increase (decrease) in liabilities:		
Accounts payable	846,953	(1,294,616)
Accrued payroll taxes, benefits and annuities	(105,169)	156,655
Net cash provided (used) by operating activities	2,691,792	(3,679,441)
Cash Flows from Investing Activities:		
Increase in cash surrender value of life insurance	(21,959)	(21,691)
Net proceeds of investments	834,371	1,374,266
Purchase of property and equipment	(931,953)	(1,258,588)
Proceeds from sale of property and equipment	45,029	400,000
Net cash (used) provided by investing activities	(74,512)	493,987
Cash Flows from Financing Activities:		
Payments on long-term debt	(401,571)	(37,331)
Payments received on notes receivable	75,538	36,793
Net cash used by financing activities	(326,033)	(538)
Net Increase (Decrease) in Cash	2,291,247	(3,185,992)
Cash and cash equivalents at Beginning of Year	14,790,210	17,976,202
Cash and cash equivalents at End of Year	\$ 17,081,457	\$ 14,790,210
Non-Cash Investing and Financing Activities		
Property and Equipment purchased using notes payable	\$ -	\$ 1,435,677

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2010

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Organization - The **Fellowship of Christian Athletes** (FCA) 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.

Advertising - Advertising costs are expensed as incurred.

Basis of presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations* (FASB ASC 958-210). Under SFAS No. 117 (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, 2009 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).

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2010

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

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. 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 market value for the time made available to FCA during the year.

Donated securities - Donated securities with a fair market value at the date of contribution in the amount of \$477,274 and \$493,588 are included in cash flows from operating activities for the years ended August 31, 2010 and 2009, 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 SFAS No. 116 (FASB ASC 958-605).

Fair value of financial instruments - The carrying amounts of financial instruments including cash and equivalents, promises to give, receivables, note receivable, cash surrender value of life insurance, accrued expenses and accounts payable approximated fair values as of August 31, 2010 due to their short-term nature. The fair value of investments is disclosed in Note 2; fair value of notes payable is disclosed in Note 13.

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, 2010

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Income taxes (continued) - As of August 31, 2010, the Organization has adopted the provisions of the Financial Accounting Standards Board's FIN 48 - *Accounting for Uncertain Income Tax Positions* (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, 2010 and, accordingly, no liability has been accrued.

Investments - Investments in marketable securities with readily determinable fair market values and all investments in debt securities are stated at fair market 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.

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 computed using primarily the straight-line method. Depreciation is provided over the estimated useful lives of the respective assets 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

Operations - The accompanying financial statements include the operations of the national, state and local offices of FCA. Currently FCA operates approximately 380 offices throughout the United States. The National Support Center provides receipting of funds, disbursement controls, centralized accounting and other operational services for those offices.

Reclassifications – Certain reclassifications have been made to the comparative financial statements to conform to the presentation in the current year.

Subsequent events – Management has evaluated events and transactions that have occurred since August 31, 2010 and reflected their effects, if any, in these financial statements through February 9, 2011, the date the financial statements were available to be issued.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2010

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

Effective September 1, 2008, the Organization has adopted the provisions of FASB Statement No. 157 *Fair Value Measurements* (FASB ASC 820-10), for financial and non-financial assets and liabilities measured at fair value on a recurring basis. Effective September 1, 2009, the Organization adopted FASB Statement No. 157 *Fair Value Measurements* (FASB ASC 820-10), for non-financial assets and liabilities measured initially at fair value such as in a business combination, non-financial assets (such as inventory or donations-in-kind) recorded at fair value at the time of donation, and long-lived assets measured at fair value for impairment assessment.

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, 2010

2. FAIR VALUE MEASUREMENTS (continued)

Fair values of assets measured on a recurring basis at August 31, 2010 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)
Long-term investments	\$ 10,131,376	\$ 10,131,376	\$ -	\$ -
Short-term investments	13,445,760	13,445,760	-	-
Sweep account	<u>1,102,214</u>	<u>1,102,214</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>\$ 24,679,350</u>	 <u>\$ 24,679,350</u>	 <u>\$ -</u>	 <u>\$ -</u>

Fair values of assets measured on a recurring basis at August 31, 2009 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)
Long-term investments	\$ 9,976,590	\$ 9,976,590	\$ -	\$ -
Short-term investments	12,138,150	12,138,150	-	-
Sweep account	<u>1,538,677</u>	<u>1,538,677</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>\$ 23,653,417</u>	 <u>\$ 23,653,417</u>	 <u>\$ -</u>	 <u>\$ -</u>

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 \$67,386 for the years ended August 31, 2010 and 2009.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2010

4. PROMISES TO GIVE

Unconditional promises to give are \$86,039 and \$131,244, respectively, at August 31, 2010 and 2009. These amounts are expected to be collected in full within twelve months.

5. PROPERTY AND EQUIPMENT

Property and equipment includes the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 1,088,040	\$ 1,088,040
Land improvements	124,157	114,157
Buildings	11,474,374	11,180,938
Building improvements	448,122	448,122
Furniture and equipment	8,297,524	6,361,460
Construction in process/assets not in service	<u>76,547</u>	<u>1,622,754</u>
	21,508,764	20,815,471
Less accumulated depreciation	<u>8,981,823</u>	<u>8,091,889</u>
Net Property and Equipment	<u>\$ 12,526,941</u>	<u>\$ 12,723,582</u>

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2010

6. INVESTMENTS

Investments at August 31, 2010 and 2009 consisted of the following:

	2010	2009
Managed investments:		
Cash and cash equivalents	\$ 469,635	\$ 473,808
US Government obligations	413,716	505,065
Investment funds	3,806,573	2,622,663
Common stock	5,407,695	6,213,267
Total Managed Investments	10,097,619	9,814,803
Other investments:		
Common stock	33,757	161,787
Total Investments	\$ 10,131,376	\$ 9,976,590

At August 31, 2010 and 2009, the managed investments by fund were as follows:

National Support Center Building Fund	\$ 10,454	\$ 41,871
National Camp Scholarship Fund	1,420,745	1,399,171
National Ministry Endowment Fund	82,253	79,062
John Erickson Presidential Endowment Fund	135,012	129,010
Golf Ministry Endowment Fund	715,705	744,421
Jeffrey/Lane Endowment Fund	426,547	415,450
Presidential Fund	46,771	46,001
State and Local Chapter Endowment Funds	7,260,132	6,959,817
Total Managed Investments	\$ 10,097,619	\$ 9,814,803

Income from investments is summarized as follows:

Interest and dividends	\$ 738,793	\$ 851,736
Net realized gains (losses)	37,603	(1,361,370)
Net unrealized gains (losses)	474,281	(45,940)
Total Investment Return	\$ 1,250,677	\$ (555,574)

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2010

7. 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. This note has zero interest, therefore the present value was recorded in the amount of \$2,385,138. The balance at August 31, 2010 is \$2,272,807. Management considers this note fully collectible. The payment schedule for this note which includes imputed interest is \$250,000 in 2011, \$1,125,000 in 2012 and, and \$1,170,000 in 2013 which includes a \$45,000 late fee.

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, 2010 was \$2,438,465. The accumulated cash surrender value of all policies held is recorded in the financial statements as temporarily restricted assets.

9. 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, 2010, and 2009, respectively, is recorded at fair market value.

10. CHARITABLE GIFT ANNUITIES

Gift annuities outstanding are recorded by FCA using the actuarial method. Under this method the present value of the aggregate liability for annuities payable is calculated based on life expectancy tables and interest assumptions commonly used by the industry. The actuarial adjustment recorded on the statement of activities reflects the gain or loss due to recomputation of the liability based on revised life expectancy.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2010

11. RESTRICTED NET ASSETS

Restricted net assets consist of the following at August 31:

	2010	2009
Temporarily restricted net assets:		
Programs and ministry	\$ 25,344,232	\$ 22,835,983
Future interest in charitable trust	7,900	7,900
Total Temporarily Restricted Net Assets	\$ 25,352,132	\$ 22,843,883
Permanently restricted net assets:		
Permanent endowments	\$ 595,900	\$ 595,900

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	\$ 52,289,606	\$ 54,335,730
National Support Center	3,046,275	5,619,570
Net Assets Released from Restrictions	\$ 55,335,881	\$ 59,955,300

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, 2010, FCA's uninsured balances totaled \$852,214. 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, 2010

13. NOTES PAYABLE

Note payable to Microsoft Corp., due December 2011, \$4,667 payable monthly, zero interest, unsecured.	\$ 74,670
Note payable to Microsoft Corp., due September, 2012, \$38,881 payable monthly, interest at 4.916%, unsecured.	<u>922,105</u>
Total Notes Payable	996,775
Less: current portion	<u>486,860</u>
Notes Payable Long-Term	<u>\$ 509,915</u>

A summary of debt payments for the next three years is as follows:

<u>Year Ending August 31:</u>	
2011	\$ 486,860
2012	471,193
2013	<u>38,722</u>
Total Notes Payable	<u>\$ 996,775</u>

The fair value of notes payable approximates the carrying value based on similar available terms. Interest paid on these notes amount to \$82,123 for the year ending August 31, 2010.

14. OPERATING LEASE COMMITMENTS

FCA leases certain office space and equipment under operating lease agreements. Rental expenses for the years ended August 31, 2010 and 2009 were \$1,283,733 and \$1,236,488, respectively which included \$520,000 and \$484,484, respectively of donated rent. The minimum annual rental commitment under these leases is as follows:

Year Ended August 31,	
2011	\$ 358,296
2012	<u>176,687</u>
Total Operating Lease Commitments	<u>\$ 534,983</u>

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2010

15. 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 \$723,495 and \$1,109,903 for the years ended August 31, 2010 and 2009.

16. CONDITIONAL PROMISES RECEIVED

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Conditional pledges at August 31, 2010 were \$2,874,271. FCA is also the owner and beneficiary of several life insurance policies, see Note 8.

17. ASSETS HELD IN TRUST

Certain assets are held on behalf of FCA in a perpetual trust as determined by the donor. Under the terms of the trust, FCA has the irrevocable right to receive the income earned on the trust assets in perpetuity, but will never receive the assets held in trust. The income earned is temporarily restricted for the field office determined by the donor.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2010

18. 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, 2010

18. ENDOWMENTS (continued)

**Endowment Net Asset Composition by Type of Fund
As of August 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted	\$ -	\$ 9,501,719	\$ 595,900	\$10,097,619
Total Funds	\$ -	\$ 9,501,719	\$ 595,900	\$10,097,619

**Changes in Endowment Net Assets
For the Year Ended August 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ -	\$ 9,218,903	\$ 595,900	\$ 9,814,803
Contributions	-	509,516	-	509,516
Investment return	-	631,503	-	631,503
Released from restrictions	-	(858,203)	-	(858,203)
Net assets, end of year	\$ -	\$ 9,501,719	\$ 595,900	\$ 10,097,619

**Endowment Net Asset Composition by Type of Fund
As of August 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted	\$ -	\$ 9,218,903	\$ 595,900	\$ 9,814,803
Total Funds	\$ -	\$ 9,218,903	\$ 595,900	\$ 9,814,803

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2010

18. ENDOWMENTS (continued)

Changes in Endowment Net Assets For the Year Ended August 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ -	\$ 11,640,799	\$ 595,900	\$12,236,699
Contributions	-	243,294	-	243,294
Investment return	-	(1,003,735)	-	(1,003,735)
Released from restrictions	-	<u>(1,661,455)</u>	-	<u>(1,661,455)</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 9,218,903</u>	<u>\$ 595,900</u>	<u>\$ 9,814,803</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, as defined by 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 2011 fiscal year, the Organization has not appropriated any endowment assets.

ACCOMPANYING INFORMATION



Keller & Owens, LLC

Certified Public Accountants

REPORT OF INDEPENDENT AUDITORS ON ACCOMPANYING INFORMATION

Board of Trustees

Fellowship of Christian Athletes

Our audit of the basic financial statements presented in the preceding section of this report was made for the purpose of forming an opinion on such financial statements taken as a whole. We have previously issued our report dated February 8, 2010 on the 2009 financial statements and accompanying information. 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Keller & Owens, LLC".

February 9, 2011

FELLOWSHIP OF CHRISTIAN ATHLETES

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended August 31, 2010

(With comparative totals for the year ended August 31, 2009)

	2010					2009
	Program Services	General and Administration	Fund-raising	Cost of Direct Benefits to Donors	Total	Total
Salaries	\$ 27,060,197	\$ 3,931,290	\$ 2,523,743	\$ -	\$ 33,515,230	\$ 34,368,850
Camps/conferences	3,849,390	-	-	-	3,849,390	3,661,066
Travel	1,980,800	300,302	196,928	-	2,478,030	2,416,718
Supplies	1,331,584	346,229	108,681	-	1,786,494	1,297,554
Payroll taxes	1,143,938	204,894	105,766	-	1,454,598	1,539,016
Cost of merchandise sold	194,556	-	305	-	194,861	130,338
Public relations and direct mail	567,218	56,631	51,068	-	674,917	657,964
Program events and staff training	2,920,404	48,501	12,280	9,515,930	12,497,115	13,692,425
Communications	900,303	126,487	82,463	-	1,109,253	1,110,346
Employee insurance	4,210,109	667,148	393,278	-	5,270,535	5,656,654
Postage	488,227	138,106	27,121	-	653,454	704,488
Taxes, commissions and fees	427,345	68,948	31,487	-	527,780	400,107
Insurance	578,703	166,748	36,994	-	782,445	821,615
Printing/publications	533,287	101,186	24,155	-	658,628	810,490
Utilities	164,700	57,261	12,577	-	234,538	190,314
Food	34,806	3,855	3,493	-	42,154	39,303
Rent/leases	1,014,223	169,739	99,771	-	1,283,733	1,236,488
Maintenance	153,810	40,019	12,759	-	206,588	203,147
Professional fees	654,234	362,640	39,509	-	1,056,383	1,299,084
Interest	-	82,123	-	-	82,123	5
Retirement plan	567,634	103,759	52,102	-	723,495	1,109,903
Miscellaneous	15,236	626	673	-	16,535	16,243
Depreciation	901,407	133,319	70,561	-	1,105,287	789,426
Total Functional Expenses	<u>\$ 49,692,111</u>	<u>\$ 7,109,811</u>	<u>\$ 3,885,714</u>	<u>\$ 9,515,930</u>	<u>\$ 70,203,566</u>	<u>\$ 72,151,544</u>