

FELLOWSHIP OF CHRISTIAN ATHLETES
FINANCIAL STATEMENTS

Year Ended August 31, 2015
with
Independent Auditors' Report

FELLOWSHIP OF CHRISTIAN ATHLETES

FINANCIAL STATEMENTS

August 31, 2015

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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, 2015, 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.

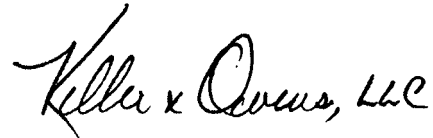
We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2015, 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'** 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 3, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2014, 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 style with a large initial 'K' and 'O'.

Overland Park, Kansas
January 27, 2016

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF FINANCIAL POSITION

August 31, 2015

(With comparative totals as of August 31, 2014)

	2015			2014 Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
<u>ASSETS</u>					
Current Assets:					
Cash and cash equivalents	\$ 2,031,203	\$ 2,225,702	\$ -	\$ 4,256,905	\$ 14,626,148
Short-term operating investments	-	6,719,389	-	6,719,389	4,044,378
Prepaid expenses and receivables	80,468	-	-	80,468	71,960
Promises to give	-	61,143	-	61,143	74,718
Merchandise held for resale, at cost	797,029	-	-	797,029	600,080
Total Current Assets	2,908,700	9,006,234	-	11,914,934	19,417,284
Assets Held for Sale	-	-	-	-	575,000
Property and Equipment	10,807,177	-	-	10,807,177	10,673,007
Other Assets:					
Investments:					
Long-term operating investments	-	19,712,087	-	19,712,087	10,453,280
Other long-term investments	2,292,711	11,930,690	250,000	14,473,401	13,768,510
Note receivable	30,000	-	-	30,000	-
Accumulated cash surrender value of life insurance policies	-	424,081	-	424,081	424,081
Intangible asset, net of amortization of \$25,000	675,000	-	-	675,000	-
Life income gifts	-	35,324	-	35,324	35,324
Total Other Assets	2,997,711	32,102,182	250,000	35,349,893	24,681,195
Total Assets	\$ 16,713,588	\$ 41,108,416	\$ 250,000	\$ 58,072,004	\$ 55,346,486
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities:					
Accounts payable	\$ 1,608,889	\$ -	\$ -	\$ 1,608,889	\$ 1,744,897
Accrued payroll taxes and benefits	1,412,076	-	-	1,412,076	1,690,842
Current portion of capital lease payable	-	-	-	-	35,378
Total Current Liabilities	3,020,965	-	-	3,020,965	3,471,117
Long-Term Debt:					
Charitable trust	-	17,380	-	17,380	17,380
Total Long-Term Debt	-	17,380	-	17,380	17,380
Total Liabilities	3,020,965	17,380	-	3,038,345	3,488,497
Net Assets	13,692,623	41,091,036	250,000	55,033,659	51,857,989
Total Liabilities and Net Assets	\$ 16,713,588	\$ 41,108,416	\$ 250,000	\$ 58,072,004	\$ 55,346,486

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF ACTIVITIES

Year Ended August 31, 2015

(With comparative totals for the year ended August 31, 2014)

	2015			Total	2014 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and Revenue:					
Contributions	\$ 54,322	\$ 88,418,806	\$ -	\$ 88,473,128	\$ 81,200,848
Camps/conferences	5,247,908	-	-	5,247,908	4,926,943
Membership, subscriptions, and chartering fees	127,323	-	-	127,323	89,021
Sale of merchandise	168,565	-	-	168,565	133,454
Special events fees	9,351,472	-	-	9,351,472	7,967,936
Other non-contribution revenue	6,548,678	-	-	6,548,678	5,139,166
Investment return	133,868	(468,480)	-	(334,612)	1,774,363
Loss on sale of property and equipment	(507,561)	-	-	(507,561)	(18,893)
Actuarial adjustment of charitable trust	-	-	-	-	548
Net assets released from restrictions	86,547,467	(86,547,467)	-	-	-
Total Support and Revenue	107,672,042	1,402,859	-	109,074,901	101,213,386
Expenses:					
Program services	77,021,632	-	-	77,021,632	69,445,075
Cost of direct benefits to donors	12,417,577	-	-	12,417,577	11,426,960
General and administration	10,246,183	-	-	10,246,183	9,505,704
Fund-raising	6,213,839	-	-	6,213,839	5,722,379
Total Expenses	105,899,231	-	-	105,899,231	96,100,118
Change in Net Assets	1,772,811	1,402,859	-	3,175,670	5,113,268
Net Assets at Beginning of Year	11,919,812	39,688,177	250,000	51,857,989	46,744,721
Net Assets at End 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>

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF CASH FLOWS

Year Ended August 31, 2015

(With comparative totals for the year ended August 31, 2014)

	2015	2014
Cash Flows from Operating Activities:		
Change in net assets	\$ 3,175,670	\$ 5,113,268
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,062,775	831,466
Loss on sale of property and equipment	507,561	18,893
Net gain on sale of investments	(477,277)	(635,278)
Unrealized loss (gain) on investments	1,331,957	(822,380)
Donated securities	(892,513)	(761,960)
Actuarial adjustments	-	(548)
Donated property	(37,950)	(122,948)
(Increase) decrease in assets:		
Prepaid expenses and receivables	(8,508)	65,672
Merchandise held for resale, at cost	(196,949)	(217,266)
Promises to give	13,575	20,614
Increase (decrease) in liabilities:		
Accounts payable	(136,008)	665,047
Accrued payroll taxes and benefits	(278,766)	348,239
Net cash provided by operating activities	4,063,567	4,502,819
Cash Flows from Investing Activities:		
Net (purchases) proceeds of investments	(12,600,876)	6,195,922
Purchase of intangible asset	(700,000)	-
Purchase of property and equipment	(1,467,907)	(941,100)
Proceeds from sale of property and equipment	371,351	31,743
Net cash (used) provided by investing activities	(14,397,432)	5,286,565
Cash Flows from Financing Activities:		
Payments on capital lease	(35,378)	(39,681)
Net cash used by financing activities	(35,378)	(39,681)
Net Change in Cash and Cash Equivalents	(10,369,243)	9,749,703
Cash and Cash Equivalents at Beginning of Year	14,626,148	4,876,445
Cash and Cash Equivalents at End of Year	\$ 4,256,905	\$ 14,626,148

NON-CASH INVESTING ACTIVITIES

Property sold by note receivable	\$ 30,000	\$ -
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See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

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, 2014 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, 2015

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

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

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

Contributed property and equipment - Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

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

Donated securities - Donated securities with a fair value at the date of contribution in the amount of \$892,513 and \$761,960 are included in cash flows from operating activities for the years ended August 31, 2015 and 2014, 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, 2015 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, 2015

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

The Organization has adopted the provisions of the FASB ASC 740-10 as it might apply to the Organization's financial transactions. The Organization's policy is to record a liability for any tax position that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of August 31, 2015 and, accordingly, no liability has been accrued. However, in general, tax returns for the prior three years remain subject to IRS examination.

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

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

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

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

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

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Subsequent events – Management has evaluated events and transactions that have occurred since August 31, 2015 and reflected their effects, if any, in these financial statements through January 27, 2016, 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, 2015

2. FAIR VALUE MEASUREMENTS (continued)

Fair values of assets measured on a recurring basis at August 31, 2015 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	\$ 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>

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

	<u>Fair Value</u>	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 451,348	\$ 451,348	\$ -	\$ -
Common stock	444,191	444,191	-	-
Domestic stock funds	4,648,040	4,648,040	-	-
International stock funds	1,995,987	1,995,987	-	-
Bond funds	5,073,696	5,073,696	-	-
Commodities	438,390	438,390	-	-
Other mutual funds	236,373	236,373	-	-
US Government obligations	1,422,223	352,494	1,069,729	-
Corporate bonds	4,006,653	127,991	3,878,662	-
Certificates of deposit	9,549,267	-	9,549,267	-
Sweep account*	<u>7,117,920</u>	<u>-</u>	<u>7,117,920</u>	<u>-</u>
Total Assets	<u>\$ 35,384,088</u>	<u>\$ 13,768,510</u>	<u>\$ 21,615,578</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, 2015

3. PREPAID EXPENSES AND RECEIVABLES

Included in prepaid expenses and receivables is interest receivable in the amount of \$57,279 and \$38,279 for the years ended August 31, 2015 and 2014, 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 \$61,143 and \$74,718, respectively, at August 31, 2015 and 2014. These amounts are expected to be collected in full within twelve months.

5. PROPERTY AND EQUIPMENT

Property and equipment includes the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 1,147,040	\$ 1,147,040
Land improvements	244,190	244,190
Buildings	11,730,535	11,974,811
Building improvements	823,604	558,748
Furniture and equipment	9,566,109	8,732,135
Construction in process/assets not in service	<u>-</u>	<u>30,000</u>
	23,511,478	22,686,924
Less accumulated depreciation	<u>12,704,301</u>	<u>12,013,917</u>
Net Property and Equipment	<u>\$ 10,807,177</u>	<u>\$ 10,673,007</u>

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

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, 2015:

Amortized intangible asset:	
Movie rights	\$ 700,000
Accumulated amortization	<u>25,000</u>
Net carrying value	<u>\$ 675,000</u>

Amortization expense-current year	\$ 25,000
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Future annual amortization expense will be as follows:

<u>Year Ending August 31:</u>	
2016	\$ 100,000
2017	100,000
2018	100,000
2019	100,000
2020	100,000
Subsequent years	<u>175,000</u>
Total Future Amortization Expenses	<u>\$ 675,000</u>

7. INVESTMENTS

Operating investments at August 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Short-term operating investments:		
Certificates of deposit	\$ 5,442,114	\$ 4,044,378
Bonds & US Government obligations	<u>1,277,275</u>	<u>-</u>
Total Short-term Operating Investments	6,719,389	4,044,378
Long-term operating investments:		
Certificates of deposit	11,900,401	5,504,889
Bonds & US Government obligations	<u>7,811,686</u>	<u>4,948,391</u>
Total Long-term Operating Investments	<u>19,712,087</u>	<u>10,453,280</u>
Total Operating Investments	<u>\$ 26,431,476</u>	<u>\$ 14,497,658</u>

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

7. INVESTMENTS (continued)

Other long-term investments at August 31, 2015 and 2014 consisted of the following:

	2015	2014
Managed investments:		
Cash and cash equivalents	\$ 424,476	\$ 451,348
US Government obligations	402,235	352,494
Bond funds and other investments	7,995,453	5,876,450
Common stock and stock funds	5,605,803	7,086,145
Total Managed Investments	14,427,967	13,766,437
Other long-term investments:		
Common stock	45,434	2,073
Total Other Long-term Investments	\$ 14,473,401	\$ 13,768,510

At August 31, 2015 and 2014, the managed investments by fund were as follows:

National Support Center Building Fund	\$ 11,104	\$ 11,998
National Camp Scholarship Fund	1,384,853	1,499,344
National Ministry Endowment Fund	74,254	82,477
John Erickson Presidential Endowment Fund	137,817	153,238
Golf Ministry Endowment Fund	631,305	686,267
Jeffrey/Lane Endowment Fund	391,301	466,163
Legacy Fund	330,231	344,342
National Support Center Fund	2,292,614	334,592
State and Local Chapter Endowment Funds	9,174,488	10,188,016
Total Managed Investments	\$ 14,427,967	\$ 13,766,437

Income from investments is summarized as follows:

Interest and dividends	\$ 520,068	\$ 316,705
Net realized gains	477,277	635,278
Net unrealized (losses) gains	(1,331,957)	822,380
Total Investment Return	\$ (334,612)	\$ 1,774,363

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

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, 2015 was \$2,212,094. 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 Trust" 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, 2015 and 2014, respectively, is recorded at fair value.

10. RESTRICTED NET ASSETS

Restricted net assets consist of the following at August 31:

	<u>2015</u>	<u>2014</u>
Temporarily restricted net assets:		
Programs and ministry	\$ 41,073,092	\$ 39,670,233
Future interest in charitable trust	<u>17,944</u>	<u>17,944</u>
Total Temporarily Restricted Net Assets	<u>\$ 41,091,036</u>	<u>\$ 39,688,177</u>
Permanently restricted net assets:		
Permanent endowments	<u>\$ 250,000</u>	<u>\$ 250,000</u>

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

10. RESTRICTED NET ASSETS (continued)

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:

	<u>2015</u>	<u>2014</u>
State and local, and sports specific ministries	\$ 84,182,546	\$ 74,739,964
National Support Center	<u>2,364,921</u>	<u>755,445</u>
Net Assets Released from Restrictions	<u>\$ 86,547,467</u>	<u>\$ 75,495,409</u>

11. 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, 2015, FCA's uninsured balances totaled \$1,668,091. However, the uninsured balances were collateralized by Repurchase Agreements of \$1,545,660. 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.

12. LEASES

Operating Leases

FCA leases certain office space and equipment under operating lease agreements. Rental expenses for the years ended August 31, 2015 and 2014 were \$1,427,177 and \$1,346,330, 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>	
2016	\$ 352,798
2017	<u>169,613</u>
Total Operating Lease Commitments	<u>\$ 522,411</u>

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

13. 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 1,177,236 and \$1,032,744 for the years ended August 31, 2015 and 2014.

14. CONDITIONAL PROMISES RECEIVED

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Conditional pledges at August 31, 2015 were \$4,910,600. FCA is also the owner and beneficiary of several life insurance policies; see Note 8.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

15. 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, 2015

15. ENDOWMENTS (continued)

Endowment Net Asset Composition by Type of Fund

As of August 31, 2015

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

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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	\$ -	\$ 11,555,122	\$ 250,000	\$11,805,122

Endowment Net Asset Composition by Type of Fund

As of August 31, 2014

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

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

15. ENDOWMENTS (continued)

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

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

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 2016 fiscal year, the Organization has not appropriated any endowment assets.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

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, 2015 and our report thereon dated January 27, 2016 in which we expressed an unmodified opinion appears on pages 1 and 2. We have previously issued our opinion dated February 3, 2015 on the 2014 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 cursive script that reads "Keller & Owens, LLC".

Overland Park, Kansas
January 27, 2016

FELLOWSHIP OF CHRISTIAN ATHLETES

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended August 31, 2015

(With comparative totals for the year ended August 31, 2014)

	2015					2014
Program Services	General and Administration	Fund-raising	Cost of Direct Benefits to Donors	Total	Total	
Salaries	\$ 41,274,970	\$ 5,928,445	\$ 4,055,154	\$ -	\$ 51,258,569	\$ 46,789,666
Camps/conferences	6,312,697	-	-	-	6,312,697	5,982,387
Travel	4,591,534	438,739	339,196	-	5,369,469	4,486,059
Supplies	2,646,985	533,454	251,896	-	3,432,335	3,084,653
Technology expenses	61,092	124,039	1,239	-	186,370	186,370
Payroll taxes	1,826,758	313,835	178,650	-	2,319,243	2,124,003
Cost of merchandise sold	79,819	-	-	-	79,819	25,475
Public relations and direct mail	1,067,073	123,859	97,155	-	1,288,087	1,178,842
Program events and staff training	5,210,145	56,796	11,738	12,417,577	17,696,256	15,762,955
Communications	865,802	132,697	83,434	-	1,081,933	1,069,243
Employee insurance	5,218,589	938,467	507,818	-	6,664,874	6,214,582
Postage	404,729	78,551	25,610	-	508,890	482,156
Taxes, commissions and fees	1,137,845	161,283	113,192	-	1,412,320	1,209,478
Insurance	900,129	145,865	89,028	-	1,135,022	1,147,692
Printing/publications	494,464	114,293	30,659	-	639,416	644,156
Utilities	221,202	75,428	17,858	-	314,488	315,012
Food	625,312	60,226	60,974	-	746,512	509,733
Rent/leases	1,152,290	162,861	112,026	-	1,427,177	1,346,330
Maintenance	273,759	48,707	23,278	-	345,744	368,976
Professional fees	776,381	530,090	47,515	-	1,353,986	1,150,114
Interest	1,681	1,349	165	-	3,195	4,207
Retirement plan	932,009	153,365	91,862	-	1,177,236	1,032,744
Miscellaneous	70,187	6,098	6,533	-	82,818	153,819
Depreciation	851,180	117,736	68,859	-	1,037,775	831,466
Amortization	25,000	-	-	-	25,000	-
Total Functional Expenses	<u>\$ 77,021,632</u>	<u>\$ 10,246,183</u>	<u>\$ 6,213,839</u>	<u>\$ 12,417,577</u>	<u>\$ 105,899,231</u>	<u>\$ 96,100,118</u>