



GROSSMAN YANAK & FORD LLP
Certified Public Accountants and Consultants

CCO



COALITION FOR CHRISTIAN OUTREACH

**Financial Statements as of and for the Years Ended
August 31, 2021 and 2020 and Independent Auditors' Report**

COALITION FOR CHRISTIAN OUTREACH

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Coalition for Christian Outreach

We have audited the accompanying financial statements of Coalition for Christian Outreach (a nonprofit organization), which comprise the statements of financial position as of August 31, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 have 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 Coalition for Christian Outreach as of August 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Grossman Yarak & Ford LLP

Pittsburgh, Pennsylvania
February 1, 2022

COALITION FOR CHRISTIAN OUTREACHSTATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 6,521,637	\$ 6,723,489
Other receivable	-	133,744
Contributions receivable	91,276	181,918
Prepaid expenses and other assets	<u>69,379</u>	<u>58,688</u>
Total current assets	6,682,292	7,097,839
Property and equipment, net	254,798	299,933
Investments - endowment	21,075,076	17,489,963
Beneficial interests in charitable remainder trusts	<u>150,178</u>	<u>231,315</u>
TOTAL	<u>\$ 28,162,344</u>	<u>\$ 25,119,050</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accrued retirement plan contribution	\$ 127,599	\$ 132,031
Accrued expenses and other liabilities	388,825	161,584
Deferred revenue	39,744	18,074
Note payable, current portion	<u>-</u>	<u>209,678</u>
Total current liabilities	<u>556,168</u>	<u>521,367</u>
NOTE PAYABLE, LONG-TERM PORTION	<u>-</u>	<u>1,677,422</u>
NET ASSETS:		
Without donor restrictions:		
Undesignated	2,965,084	2,423,032
Board designated - endowment	<u>673,712</u>	<u>587,703</u>
Total net assets without donor restrictions	3,638,796	3,010,735
With donor restrictions	<u>23,967,380</u>	<u>19,909,526</u>
Total net assets	<u>27,606,176</u>	<u>22,920,261</u>
TOTAL	<u>\$ 28,162,344</u>	<u>\$ 25,119,050</u>

See notes to financial statements.

COALITION FOR CHRISTIAN OUTREACHSTATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions	\$ 1,554,774	\$ 7,112,340	\$ 8,667,114
Contributions to comprehensive campaign	694,372	100,367	794,739
Revenue:			
Staff services	1,877,813	-	1,877,813
Conference, including sponsorships	192,435	-	192,435
Summer opportunities and trips	127,050	-	127,050
Endowment fund income appropriated for operations	669,606	-	669,606
Interest income	341	-	341
Miscellaneous income	<u>63,367</u>	<u>-</u>	<u>63,367</u>
Total	5,179,758	7,212,707	12,392,465
Net assets released from restrictions	<u>6,614,093</u>	<u>(6,614,093)</u>	<u>-</u>
Total revenue and support	<u>11,793,851</u>	<u>598,614</u>	<u>12,392,465</u>
EXPENSES:			
Program services	<u>10,636,227</u>	<u>-</u>	<u>10,636,227</u>
Supporting services			
Administration	1,466,641	-	1,466,641
Development	<u>1,036,033</u>	<u>-</u>	<u>1,036,033</u>
Total supporting services	<u>2,502,674</u>	<u>-</u>	<u>2,502,674</u>
Total expenses	<u>13,138,901</u>	<u>-</u>	<u>13,138,901</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATING ACTIVITIES	(1,345,050)	598,614	(746,436)
NONOPERATING:			
Excess of net endowment fund income in comparison to amount appropriated for operations	86,011	3,449,101	3,535,112
Change in value of trusts	-	10,139	10,139
PPP loan forgiveness income	<u>1,887,100</u>	<u>-</u>	<u>1,887,100</u>
INCREASE IN NET ASSETS	628,061	4,057,854	4,685,915
NET ASSETS, BEGINNING OF YEAR	<u>3,010,735</u>	<u>19,909,526</u>	<u>22,920,261</u>
NET ASSETS, END OF YEAR	<u>\$ 3,638,796</u>	<u>\$ 23,967,380</u>	<u>\$ 27,606,176</u>

See notes to financial statements.

COALITION FOR CHRISTIAN OUTREACHSTATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT:			
Contributions	\$ 1,497,342	\$ 7,871,524	\$ 9,368,866
Contributions to comprehensive campaign	1,001,797	67,303	1,069,100
Revenue:			
Staff services	2,101,405	-	2,101,405
Conference	555,188	-	555,188
Summer opportunities and trips	108,394	-	108,394
Endowment fund income appropriated for operations	661,533	-	661,533
Interest income	45,657	-	45,657
Miscellaneous income	<u>96,980</u>	<u>-</u>	<u>96,980</u>
Total	<u>6,068,296</u>	<u>7,938,827</u>	<u>14,007,123</u>
Net assets released from restrictions	<u>7,843,312</u>	<u>(7,843,312)</u>	<u>-</u>
Total revenue and support	<u>13,911,608</u>	<u>95,515</u>	<u>14,007,123</u>
EXPENSES:			
Program services	<u>11,330,702</u>	<u>-</u>	<u>11,330,702</u>
Supporting services			
Administration	1,296,495	-	1,296,495
Development	<u>1,005,451</u>	<u>-</u>	<u>1,005,451</u>
Total supporting services	<u>2,301,946</u>	<u>-</u>	<u>2,301,946</u>
Total expenses	<u>13,632,648</u>	<u>-</u>	<u>13,632,648</u>
INCREASE IN NET ASSETS FROM OPERATING ACTIVITIES	278,960	95,515	374,475
NONOPERATING:			
Excess of net endowment fund income in comparison to amount appropriated for operations	20,623	823,324	843,947
Change in value of trusts	<u>-</u>	<u>43,384</u>	<u>43,384</u>
INCREASE IN NET ASSETS	299,583	962,223	1,261,806
NET ASSETS, BEGINNING OF YEAR	<u>2,711,152</u>	<u>18,947,303</u>	<u>21,658,455</u>
NET ASSETS, END OF YEAR	<u>\$ 3,010,735</u>	<u>\$ 19,909,526</u>	<u>\$ 22,920,261</u>

See notes to financial statements.

COALITION FOR CHRISTIAN OUTREACHSTATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	2021			
	Program Services	Administration	Development	Total
Salaries and payroll taxes	\$ 7,724,149	\$ 734,279	\$ 595,272	\$ 9,053,700
Benefits	1,499,415	170,833	121,295	1,791,543
Field ministry expenses	366,858	14,103	14,103	395,064
Training and recruitment	166,738	-	-	166,738
Communication	78,112	-	-	78,112
Telephone	13,814	15,835	5,085	34,734
Special event and appeal expenses	-	-	139,079	139,079
Building maintenance	7,004	7,940	5,098	20,042
Utilities	8,862	9,545	6,167	24,574
Insurance	29,396	32,990	21,314	83,700
Professional services	176,322	324,768	35,584	536,674
Office expenses	25,687	63,190	15,386	104,263
Travel, lodging and meals	38,571	6,887	7,086	52,544
Depreciation	36,024	18,714	12,091	66,829
Conference expenses	60,724	-	-	60,724
Summer opportunities and trips	108,378	-	-	108,378
Information technology	52,732	58,228	57,618	168,578
Miscellaneous	243,441	9,329	855	253,625
Total expenses	<u>\$ 10,636,227</u>	<u>\$ 1,466,641</u>	<u>\$ 1,036,033</u>	<u>\$ 13,138,901</u>
Percentage	<u>81.0%</u>	<u>11.1%</u>	<u>7.9%</u>	<u>100.0%</u>
	2020			
	Program Services	Administration	Development	Total
Salaries and payroll taxes	\$ 8,180,033	\$ 662,165	\$ 544,233	\$ 9,386,431
Benefits	1,547,430	140,258	106,587	1,794,275
Field ministry expenses	413,701	4,492	4,488	422,681
Training and recruitment	157,373	-	-	157,373
Communication	29,841	-	-	29,841
Telephone	15,346	13,872	5,133	34,351
Special event and appeal expenses	-	-	136,271	136,271
Building maintenance	9,184	8,961	5,961	24,106
Utilities	9,168	8,563	5,697	23,428
Insurance	28,617	30,208	20,097	78,922
Professional services	42,470	295,396	81,902	419,768
Office expenses	25,143	56,977	13,552	95,672
Travel, lodging and meals	106,634	11,302	21,655	139,591
Depreciation	33,360	21,516	14,315	69,191
Conference expenses	480,391	-	-	480,391
Summer opportunities and trips	98,504	-	-	98,504
Supplies for student experiences	112,143	-	-	112,143
Information technology	36,085	41,354	44,661	122,100
Miscellaneous	5,279	1,431	899	7,609
Total expenses	<u>\$ 11,330,702</u>	<u>\$ 1,296,495</u>	<u>\$ 1,005,451</u>	<u>\$ 13,632,648</u>
Percentage	<u>83.1%</u>	<u>9.5%</u>	<u>7.4%</u>	<u>100.0%</u>

See notes to financial statements.

COALITION FOR CHRISTIAN OUTREACHSTATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Contributions	\$ 8,507,673	\$ 9,077,724
Contributions to comprehensive campaign	794,739	1,069,100
Cash from partners for staff services	1,899,088	2,082,092
Cash from program registrations	311,671	675,326
Cash from special events	291,079	258,394
Interest and dividends received	373,422	468,647
Cash received from stop loss insurance	133,744	-
Miscellaneous receipts	9,306	58,053
Payments to employees	(8,251,881)	(8,960,545)
Payments to vendors for employee benefits	(1,886,571)	(1,911,423)
Payments to other vendors	<u>(2,740,277)</u>	<u>(2,743,673)</u>
Net cash provided by (used in) operating activities	<u>(558,007)</u>	<u>73,695</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(3,808,813)	(6,998,238)
Proceeds from sales and maturities of investments	4,136,662	7,253,568
Purchase of property and equipment	<u>(21,694)</u>	<u>(122,757)</u>
Net cash provided by investing activities	<u>306,155</u>	<u>132,573</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	-	2,137,100
Repayment of note payable	-	(250,000)
Contributions to endowment fund	<u>50,000</u>	<u>50,000</u>
Net cash provided by financing activities	<u>50,000</u>	<u>1,937,100</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(201,852)	2,143,368
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,723,489</u>	<u>4,580,121</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 6,521,637</u>	<u>\$ 6,723,489</u>

SUPPLEMENTAL DISCLOSURE OF NON-CASH
FINANCING ACTIVITIES:

During the year ended August 31, 2021, the PPP loan of \$1,887,100 was forgiven (see Note 13).

See notes to financial statements.

COALITION FOR CHRISTIAN OUTREACH

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

Organization: The CCO (Coalition for Christian Outreach) is an interdenominational campus ministry organization whose mission is "transforming college students to transform the world." The CCO is supported primarily through donor contributions and payments received for staff services from partnering organizations.

The CCO's vision is to see a generation of college students transformed by the power of Jesus Christ and His Gospel, in partnership with the local church, reaching the world for the glory of God.

The CCO calls college students to serve Jesus Christ with their entire lives by:

1. Sharing the Gospel with students and developing passionate disciples of Jesus Christ.
2. Serving together with the Church and inviting students into the lives of local congregations.
3. Giving students a vision for serving Jesus Christ in their studies, jobs, communities, and families.

Because the CCO partners with local churches, colleges, and organizations, staff people are fully available to students on a particular campus. They introduce college students to the Gospel message and equip them to be leaders. Experience has shown that when students are given opportunities to lead and to invest in others while in college, they are better equipped to translate their learning into their various roles after they graduate.

Here are some of the unique ways CCO campus ministry staff minister to students:

- Studying the Scriptures with students and showing them how to lead Bible studies with others.
- Taking students to church and inviting them to get involved in local congregations.
- Teaching students how to take their Christian faith and live it out in the way they study, listen to music, engage on social media, and interact with their friends and family.

- Introducing students to the Gospel of Jesus Christ and equipping students to share their faith with others.
- Inviting students to participate in creative opportunities for transformation, including adventure, service, and travel experiences and summer leadership projects, where they deepen their faith and hone leadership skills.
- Certain campus ministry staff focus their outreach to student athletes, helping them to balance the challenges of academics, athletics, faith development, and a healthy social life.
- Certain campus ministry staff focus on reaching out to international students, and all campus ministry staff minister to students across racial and ethnic barriers.
- The annual Jubilee conference encourages students to dream about how their gifts might be used and developed to serve God and others.

CCO management coordinated approximately 300 full-time, part-time, and volunteer staff serving on approximately 140 college campuses for the years ended August 31, 2021 and 2020. The majority of CCO staff are responsible for soliciting contributions to the CCO on their behalf to cover a portion of their compensation packages as well as certain expenses of their individual ministries.

Financial Statement Presentation - U.S. GAAP requires presentation of financial position and activities into two categories based on the existence or absence of donor restrictions. Information presented by management for the two categories is as follows:

- Without Donor Restrictions - For the CCO, this category includes financial information regarding activities that principally consist of contributions without donor restrictions and revenue for services and related expenses associated with program and supporting services. In addition, activity includes certain investment income, including endowment fund income appropriated for operations, and net assets released from restrictions.
- With Donor Restrictions - Items that affect this category are contributions with donor-imposed restrictions that have not been met in the year of receipt. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently, including contributions and pledges wherein donors stipulate that the

corpus of the gift be held in perpetuity (primarily gifts for endowment) and that only the income be made available for donor-specified purposes. Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted contributions, are reported as net assets released from restrictions.

Further, activities of the CCO are separated into operating and nonoperating categories in the statements of activities. Operating activities include contributions and revenues and expenses associated with the program mission and supporting functions. Additionally, endowment fund income appropriated for operations is included in operations. Nonoperating activities principally reflect investment activity (except for designation of certain amounts to operations) and the change in value of trusts.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Tax Status - The CCO has been classified as a tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, a provision for federal income tax is not required.

U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability if an uncertain tax position has been taken that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken and has concluded that there are no uncertain tax positions that would require recognition of a liability or disclosure in the financial statements. The CCO believes that it is no longer subject to income tax examinations for years prior to August 31, 2018.

Contributions - Contributions are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any stipulations imposed by the donor.

Contributed securities are recorded at their fair value on the date received and are liquidated as soon as is practicable.

Donated items are recorded as contributions at their estimated fair value at the date of receipt.

Revenue Recognition - The CCO's most significant source of revenue is from staff services, which is recognized based on agreements with partner organizations. The CCO typically receives staff services payments on a monthly basis. Payments received in advance of August 31, 2021 and 2020 are classified as deferred revenue on the statements of financial position and are recognized in the next fiscal year.

Revenue from the Jubilee Conference, which includes registration fees and sponsorships, as well as exhibitor fees, is recognized at the time of the event based on established rates. The majority of fees and sponsorships are received in advance of the conference.

Revenue associated with summer opportunities and trips is recognized at the completion of the particular experience. Payment for the summer opportunities and trips generally occurs in advance.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Expenses directly attributable to a specific functional area are charged directly to that program or supporting service category. Expenses attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Expenses related to compensation and benefits are allocated on the basis of estimates of time and effort. Expenses related to occupancy, depreciation, organizational insurance, and information technology are allocated on a square footage basis.

Cash and Cash Equivalents - The CCO considers all highly liquid investments with original maturities of less than three months to be cash equivalents. Cash equivalents of \$6,161,457 and \$6,261,277 were held in money market funds at August 31, 2021 and 2020, respectively. The cash and cash equivalents at financial institutions may at times exceed federally insured limits and may at times exceed statement of financial position amounts due to outstanding checks. The CCO has placed its cash and cash equivalents with high quality financial institutions and does not believe it is exposed to significant credit risk.

As of August 31, 2021 and 2020, \$3,324,562 and \$2,594,033, respectively, of cash and cash equivalents is restricted for individual and campus ministry programs, special projects and other purposes (see Note 7).

Contributions and Intentions to Give - Contributions receivable includes gifts that the CCO expects to fully collect in the subsequent year. Accordingly, there is no allowance related to these receivables nor is there a present value discount. Because of the inherent uncertainties in estimating contributions receivable, it is at least reasonably possible that the estimates will change within the near term.

The CCO also receives communications regarding intentions to give from prospective donors. As these expressions of intent are revocable and unenforceable, they are not recognized in the accompanying financial statements.

Investments - Investments are recorded at fair value. Realized gains and losses, unrealized appreciation (depreciation), and interest and dividends are reflected in the statement of activities. Realized gains (losses) are determined based on cost, using the specific identification method.

Property and Equipment - Property and equipment are recorded at cost as of the date of acquisition less accumulated depreciation. The CCO capitalizes all property and equipment that costs in excess of \$500. Depreciation is provided on the straight-line method based on estimated useful lives which range from two to thirty-nine years. Maintenance and repairs are charged to expense as incurred. The cost of property sold or retired and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected in the statement of activities.

Beneficial Interest in Charitable Remainder Trusts - The CCO has remainder interests in charitable remainder trusts. Under these arrangements, the donors deposited funds with third-party trustees. The income beneficiaries receive distributions of a fixed percentage of the fair value of the trusts over their lifetimes, with the CCO receiving all or a share of the remainder upon the death of the income beneficiaries.

Fair Value Measurements - Fair value is an estimate of the price the CCO would receive upon selling a financial asset in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-level valuation hierarchy for measurement and disclosure of fair value that is based upon the transparency of inputs used to measure fair value. The three levels are as follows:

- Level 1 - quoted prices in active markets for identical financial assets or liabilities
- Level 2 - other significant observable inputs (quoted prices for similar financial assets or liabilities in active markets, quoted prices for identical or similar financial assets or liabilities in inactive markets, observable market data by correlation or other means)
- Level 3 - significant unobservable inputs (including the CCO's own assumptions in determining the fair value)

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Subsequent Events - The CCO has evaluated subsequent events through February 1, 2022, the date which the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY OF ASSETS

Financial assets and liquidity resources available within one year are as follows as of August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 3,197,075	\$ 4,129,456
Other receivable	-	133,744
Contributions receivable	91,276	181,918
Estimated endowment funds available under spending rule	<u>673,000</u>	<u>662,000</u>
Total financial assets available within one year	<u>3,961,351</u>	<u>5,107,118</u>
Liquidity resources:		
Availability under line of credit (See Note 6)	250,000	250,000
Board designated quasi-endowment	<u>673,712</u>	<u>587,703</u>
Total liquidity resources	<u>923,712</u>	<u>837,703</u>
Total financial assets and liquidity resources available within one year	<u>\$ 4,885,063</u>	<u>\$ 5,944,821</u>

The CCO structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Excess cash is invested in money market funds, which are considered to be cash equivalents under the CCO's policy on cash and cash equivalents.

Although the CCO does not intend to spend more of the quasi-endowment than the board-approved amount designated for current operations, funds could be made available if necessary.

3. FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodologies used for assets measured at fair value.

Money market, fixed income mutual, equity mutual, exchange traded equity and alternative investment mutual funds: Valued at the price of one fund share, which is calculated by dividing the fund's underlying assets and liabilities by the total number of shares held by the fund at year-end. Factors considered in valuing the underlying assets and liabilities include quoted prices in active markets, as well as other significant observable inputs (level 1 inputs).

Equity securities: Valued at the closing price reported on the active market on which the individual securities are traded (level 1 inputs).

Beneficial interests in charitable remainder trusts: Valued at the net market value of underlying assets and liabilities reported in the active market on which the respective assets or liabilities are traded, as adjusted for the income rights of the beneficiaries and actuarial

assumptions for life expectancies, investment return and discount rates. An investment return rate of 7% and discount rates of 2% to 4% were used for the years ended August 31, 2021 and 2020 (level 3 inputs).

During the years ended August 31, 2021 and 2020, beneficiaries of two of the charitable remainder trusts passed away and, accordingly, the CCO recorded contributions receivable for the estimated amounts to be received. Activity for the beneficial interests in charitable remainder trusts is as follows for the years ended August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 231,315	\$ 369,849
Increase in value	10,139	43,384
Reclassification to contributions receivable	<u>(91,276)</u>	<u>(181,918)</u>
Balance, end of year	<u>\$ 150,178</u>	<u>\$ 231,315</u>

The methods described above for determining the fair value using significant inputs may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, while the CCO believes its valuation methods and assumptions are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting dates.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land and buildings	\$ 889,771	\$ 889,771
Office equipment	290,533	283,887
Vehicles	83,626	68,968
Camping equipment	<u>96,747</u>	<u>96,747</u>
Total	1,360,677	1,339,373
Accumulated depreciation	<u>(1,105,879)</u>	<u>(1,039,440)</u>
Property and equipment, net	<u>\$ 254,798</u>	<u>\$ 299,933</u>

5. INVESTMENTS

Investments in the endowment fund consisted of the following at August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 146,001	\$ 228,002
Fixed income mutual funds	2,943,433	2,452,120
Equity securities	3,853,064	3,111,037
Exchange traded equity funds	6,998,382	5,093,186
Equity mutual funds	5,582,195	5,185,249
Alternative investment mutual funds	<u>1,552,001</u>	<u>1,420,369</u>
Total	<u>\$ 21,075,076</u>	<u>\$ 17,489,963</u>

The investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Accordingly, it is reasonably possible that changes in the values of the CCO's investments could occur in the near-term and that such changes could materially affect the amounts reported in the statements of financial position and statements of activities.

6. LINE OF CREDIT

The CCO has a line of credit agreement with PNC Bank, N.A., which provides for maximum borrowings of \$250,000 with interest at the prime rate. There were no outstanding borrowings at August 31, 2021 or 2020. The line of credit has a maturity date of July 5, 2022; however, the CCO expects that the line of credit will be renewed annually in the ordinary course of business.

7. NET ASSETS WITH DONOR RESTRICTIONS

The CCO's net assets with donor restrictions consisted of the following at August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for a specified purpose:		
Endowment funds	\$ 9,017,517	\$ 5,568,413
Individual and campus ministry programs	2,809,227	2,042,332
Special projects	462,140	491,954
Other	53,195	59,747
Time restricted	<u>-</u>	<u>181,918</u>
Total	<u>12,342,079</u>	<u>8,344,364</u>

To be maintained in perpetuity:		
Endowment funds	\$ 11,383,847	\$ 11,333,847
Contribution receivable	91,276	-
Beneficial interest in charitable remainder trusts	<u>150,178</u>	<u>231,315</u>
Total	<u>11,625,301</u>	<u>11,565,162</u>
Total net assets with donor restrictions	<u>\$ 23,967,380</u>	<u>\$ 19,909,526</u>

8. ENDOWMENT

The CCO's endowment consists of donor-restricted as well as board-designated endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Investment Committee of the Board has adopted an Investment and Distribution Policy that complies with the Commonwealth of Pennsylvania's Act 141 ("Act 141") as permitting utilization of a total return policy that allows a nonprofit to establish a spending policy between 2% and 7% of the average market value of the endowment investments for operations. However, the long-term preservation of the investments must be taken into consideration when the Board elects the percentage.

In accordance with Act 141, the Board approved distributions of 4.5% of the three-year moving average market value of the endowment fund to be transferred to operating funds for the years ended August 31, 2021 and 2020, less the amount of the investment management fees. These funds are transferred to operating funds on a monthly basis. The amount transferred is reflected in operations and is used in accordance with donor stipulations. The difference between net endowment fund investment income and amounts appropriated for operations are reflected in the nonoperating section of the statement of activities and are allocated between net assets with or without donor restrictions according to the original value of the Board-designated funds and contributions to be maintained in perpetuity, respectively.

Return Objectives and Risk Parameters

The Investment Committee of the Board has adopted an Investment and Distribution Policy for endowment designated assets that attempts to provide a relatively predictable and growing stream of annual distributions in support of the CCO while preserving the long-term, real purchasing power of assets. Concurrently, the policies are structured to ensure compliance with the Commonwealth of Pennsylvania state law. An additional purpose of the fund is to provide a source of funds for a time when the CCO may face a financial emergency, subject to any funds being utilized in such a manner which are consistent with donor restrictions.

The following schedules represent the change in donor-restricted and board-designated endowment funds by net asset type for the years ended August 31, 2021 and 2020:

	Without Donor	With Donor Restrictions		Total
	Restrictions	For a Specified	Maintained in	
	Board	Purpose	Perpetuity	
	Designated			
Balance, 9/1/2019	\$ 567,081	\$ 4,745,087	\$ 11,283,847	\$ 16,596,015
Investment return:				
Dividends and interest	10,336	412,654	-	422,990
Net appreciation (realized and unrealized)	28,083	1,121,195	-	1,149,278
Investment management expenses	(1,632)	(65,155)	-	(66,787)
Net investment return	36,787	1,468,694	-	1,505,481
Contributions	-	-	50,000	50,000
Appropriated for current operations	(16,165)	(645,368)	-	(661,533)
Balance, 8/31/2020	587,703	5,568,413	11,333,847	17,489,963
Investment return:				
Dividends and interest	9,077	364,004	-	373,081
Net appreciation (realized and unrealized)	95,203	3,817,759	-	3,912,962
Investment management expenses	(1,979)	(79,345)	-	(81,324)
Net investment return	102,301	4,102,418	-	4,204,719
Contributions	-	-	50,000	50,000
Appropriated for current operations	(16,292)	(653,314)	-	(669,606)
Balance, 8/31/2021	\$ 673,712	\$ 9,017,517	\$ 11,383,847	\$ 21,075,076

The endowment fund includes a contribution to be maintained in perpetuity of \$1,000,000 that is specifically identified for one institution's ministry. The Board adopted a resolution accepting the gift, with the agreement that if the CCO should cease to exist, the original gift along with accumulated unspent gains, which were \$906,127 and \$586,214 at August 31, 2021 and 2020, respectively, would be distributed to the institution for the purpose of endowing student athletic scholarships. Distributions of investment gains under the spending rule support the specified institution's campus ministry.

9. COMPREHENSIVE CAMPAIGN

The CCO is engaged in a three-year comprehensive campaign to raise catalytic funding for the expansion of the mission. Funds raised in the campaign will be utilized for the initiatives of the CCO's strategic plan, which focuses on sharing the Gospel with students, connecting students to the Church, and giving students a Vision for their lives.

The overall \$16,500,000 goal is divided into three parts:

		<u>As of August 31, 2021</u>	
	<u>Goal</u>	<u>Received</u>	<u>Intentions to Give</u>
Campaign contributions	\$ 7,500,000	\$ 3,827,176	\$ 2,105,555
Contributions without donor restrictions	6,000,000	4,514,393	964,612
Planned giving	3,000,000	-	*

* The CCO has been notified of fourteen planned gifts ranging from \$25,000 to \$1,000,000 with the aggregate exceeding the campaign's goal. These intentions to give are not included in these financial statements due to their revocable nature and the uncertainty of the value of the gifts.

10. STAFF SERVICES

The CCO partners with churches, colleges, and other organizations to provide staff members for various positions. Agreements typically last one year and are renewable annually by mutual agreement of the CCO and the organization. Revenue from staff services was comprised of the following for the years ended August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Churches	\$ 1,615,367	\$ 1,755,172
Colleges	154,179	164,634
Other	<u>108,267</u>	<u>181,599</u>
Total	<u>\$ 1,877,813</u>	<u>\$ 2,101,405</u>

11. RETIREMENT PLAN

The CCO maintains a defined contribution 401(k) plan covering all employees who meet certain service and age requirements. Employees may contribute a fixed amount or percentage of their gross compensation to the plan.

After year end, the Board reviews the participation in the plan and elects a discretionary match on those contributions. The match was 40% of eligible employee contributions to the plan and amounted to \$127,599 and \$132,031 for the years ended August 31, 2021 and 2020, respectively.

12. HEALTH BENEFITS

The CCO maintained a self-funded health and welfare benefit plan, which provided medical, dental and vision coverage for the majority of its employees for the year ended August 31, 2019. As of August 31, 2020,

the CCO had a receivable of \$133,744 from the provider that processed its claims related to overpayments during the year ended August 31, 2019.

For the years ended August 31, 2021 and 2020, the CCO was fully insured for medical coverage by an insurance company; effective September 1, 2021, the CCO returned to a self-funded arrangement for medical benefits. Dental and vision benefits were self-funded for the noted historical periods and will continue to be self-funded in the year ending August 31, 2022.

13. PAYCHECK PROTECTION PROGRAM

Due to the uncertainty surrounding the COVID-19 pandemic, the CCO applied for and, in April 2020, was awarded a loan under the Paycheck Protection Program ("PPP"). The outstanding amount of the unsecured loan was \$1,887,100 at August 31, 2020. The CCO's policy was to classify the loan as a financial liability until the CCO was legally released from the obligation by the Small Business Administration ("SBA"), which occurred on June 8, 2021. Therefore, the CCO classified the loan as a financial liability at August 31, 2020 and reflected loan forgiveness income of \$1,887,100 for the year ended August 31, 2021.
