



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, 2024 and 2023 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

Opinion

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, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Coalition for Christian Outreach and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Coalition for Christian Outreach's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Coalition for Christian Outreach's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Coalition for Christian Outreach's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Grossman Yanak & Ford LLP

Pittsburgh, Pennsylvania
January 28, 2025

COALITION FOR CHRISTIAN OUTREACH**STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 5,620,068	\$ 6,130,688
Other receivable	-	289,848
Prepaid expenses and other assets	<u>112,785</u>	<u>54,864</u>
Total current assets	5,732,853	6,475,400
Property and equipment, net	199,068	258,494
Investments - endowment	20,569,240	18,257,699
Beneficial interest in charitable remainder trust	<u>121,691</u>	<u>115,741</u>
TOTAL	<u>\$ 26,622,852</u>	<u>\$ 25,107,334</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accrued retirement plan contribution	\$ 131,221	\$ 135,107
Accrued expenses and other liabilities	162,670	319,768
Deferred revenue	<u>52,140</u>	<u>42,893</u>
Total current liabilities	<u>346,031</u>	<u>497,768</u>
NET ASSETS:		
Without donor restrictions:		
Undesignated	2,828,576	3,017,520
Board designated - endowment	<u>655,626</u>	<u>599,936</u>
Total net assets without donor restrictions	3,484,202	3,617,456
With donor restrictions	<u>22,792,619</u>	<u>20,992,110</u>
Total net assets	<u>26,276,821</u>	<u>24,609,566</u>
TOTAL	<u>\$ 26,622,852</u>	<u>\$ 25,107,334</u>

See notes to financial statements.

COALITION FOR CHRISTIAN OUTREACH**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT:			
Contributions	\$ 1,897,506	\$ 6,357,985	\$ 8,255,491
Revenue:			
Staff services	1,470,967	-	1,470,967
Conference, including sponsorships	421,882	-	421,882
Summer opportunities and trips	343,348	-	343,348
Endowment fund income			
appropriated for operations	752,023	-	752,023
Interest income	274,935	-	274,935
Miscellaneous income	103,790	-	103,790
Total	5,264,451	6,357,985	11,622,436
Net assets released from restrictions	6,819,276	(6,819,276)	-
Total revenue and support	12,083,727	(461,291)	11,622,436
EXPENSES:			
Program services	9,845,139	-	9,845,139
Supporting services			
Administration	1,428,504	-	1,428,504
Development	999,029	-	999,029
Total supporting services	2,427,533	-	2,427,533
Total expenses	12,272,672	-	12,272,672
DECREASE IN NET ASSETS FROM OPERATING ACTIVITIES	(188,945)	(461,291)	(650,236)
NONOPERATING:			
Excess of net endowment fund income in comparison to amount appropriated for operations	55,691	2,255,850	2,311,541
Change in value of trust	-	5,950	5,950
INCREASE (DECREASE) IN NET ASSETS	(133,254)	1,800,509	1,667,255
NET ASSETS, BEGINNING OF YEAR	3,617,456	20,992,110	24,609,566
NET ASSETS, END OF YEAR	\$ 3,484,202	\$ 22,792,619	\$ 26,276,821

See notes to financial statements.

COALITION FOR CHRISTIAN OUTREACH**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions	\$ 1,771,714	\$ 7,227,311	\$ 8,999,025
Revenue:			
Staff services	1,706,265	-	1,706,265
Conference, including sponsorships	333,950	-	333,950
Summer opportunities and trips	290,681	-	290,681
Endowment fund income			
appropriated for operations	740,591	-	740,591
Interest income	236,552	-	236,552
Miscellaneous income	109,205	-	109,205
Total	5,188,958	7,227,311	12,416,269
Net assets released from restrictions	7,130,904	(7,130,904)	-
Total revenue and support	12,319,862	96,407	12,416,269
EXPENSES:			
Program services	10,489,336	-	10,489,336
Supporting services			
Administration	1,449,674	-	1,449,674
Development	986,287	-	986,287
Total supporting services	2,435,961	-	2,435,961
Total expenses	12,925,297	-	12,925,297
INCREASE (DECREASE) IN NET ASSETS FROM OPERATING ACTIVITIES	(605,435)	96,407	(509,028)
NONOPERATING:			
Excess of net endowment fund income in comparison to amount appropriated for operations	20,550	832,400	852,950
Change in value of trust	-	(29,070)	(29,070)
INCREASE (DECREASE) IN NET ASSETS	(584,885)	899,737	314,852
NET ASSETS, BEGINNING OF YEAR	4,202,341	20,092,373	24,294,714
NET ASSETS, END OF YEAR	\$ 3,617,456	\$ 20,992,110	\$ 24,609,566

See notes to financial statements.

COALITION FOR CHRISTIAN OUTREACH**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

	2024			
	<u>Program Services</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>
Salaries and payroll taxes	\$ 6,953,320	\$ 700,512	\$ 481,470	\$ 8,135,302
Benefits	1,255,891	161,114	101,705	1,518,710
Field ministry expenses	375,354	-	-	375,354
Training and recruitment	97,880	-	-	97,880
Communication	34,097	-	-	34,097
Telephone	20,446	11,681	5,223	37,350
Special event and appeal expenses	-	-	241,419	241,419
Building maintenance	8,842	13,385	6,227	28,454
Utilities	9,127	12,443	5,896	27,466
Insurance	29,985	44,559	21,116	95,660
Professional services	66,269	274,956	4,930	346,155
Office expenses	24,367	55,274	13,474	93,115
Travel, lodging and meals	202,097	31,502	48,887	282,486
Depreciation	49,381	22,409	10,619	82,409
Conference expenses	401,175	-	-	401,175
Summer opportunities and trips	243,283	-	-	243,283
Information technology	44,037	86,844	57,742	188,623
Miscellaneous	29,588	13,825	321	43,734
Total expenses	<u>\$ 9,845,139</u>	<u>\$ 1,428,504</u>	<u>\$ 999,029</u>	<u>\$ 12,272,672</u>
Percentage	<u>80.2%</u>	<u>11.7%</u>	<u>8.1%</u>	<u>100.0%</u>
	2023			
	<u>Program Services</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>
Salaries and payroll taxes	\$ 7,439,079	\$ 742,582	\$ 471,922	\$ 8,653,583
Benefits	1,358,099	174,565	84,099	1,616,763
Field ministry expenses	423,493	-	-	423,493
Training and recruitment	146,704	-	-	146,704
Communication	56,026	-	-	56,026
Telephone	19,240	21,439	5,365	46,044
Special event and appeal expenses	-	-	251,052	251,052
Building maintenance	5,231	8,459	3,635	17,325
Utilities	8,505	12,797	5,655	26,957
Insurance	27,716	43,577	19,257	90,550
Professional services	51,937	224,349	4,185	280,471
Office expenses	36,987	61,349	16,929	115,265
Travel, lodging and meals	160,563	40,700	60,328	261,591
Depreciation	41,692	22,543	9,962	74,197
Conference expenses	354,302	-	-	354,302
Summer opportunities and trips	316,066	-	-	316,066
Information technology	40,917	77,025	53,697	171,639
Miscellaneous	2,779	20,289	201	23,269
Total expenses	<u>\$ 10,489,336</u>	<u>\$ 1,449,674</u>	<u>\$ 986,287</u>	<u>\$ 12,925,297</u>
Percentage	<u>81.2%</u>	<u>11.2%</u>	<u>7.6%</u>	<u>100.0%</u>
See notes to financial statements.				

COALITION FOR CHRISTIAN OUTREACH**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Contributions	\$ 8,020,939	\$ 9,116,560
Cash from partners for staff services	1,475,149	1,731,125
Cash from program registrations	798,256	665,089
Cash from fundraising events	241,177	376,212
Interest and dividends received	724,010	666,432
Cash received from stop loss insurance	289,848	-
Miscellaneous receipts	35,565	25,560
Payments to employees	(7,831,335)	(8,368,882)
Payments to vendors for employee benefits	(1,841,138)	(1,877,644)
Payments to other vendors	<u>(2,780,760)</u>	<u>(2,812,102)</u>
Net cash used in operating activities	<u>(868,289)</u>	<u>(477,650)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(4,094,228)	(10,056,454)
Proceeds from sales and maturities of investments	4,474,880	10,310,920
Purchase of property and equipment	<u>(22,983)</u>	<u>(118,140)</u>
Net cash provided by investing activities	<u>357,669</u>	<u>136,326</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions to endowment fund	<u>-</u>	<u>130,000</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(510,620)	(211,324)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,130,688</u>	<u>6,342,012</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,620,068</u>	<u>\$ 6,130,688</u>

See notes to financial statements.

COALITION FOR CHRISTIAN OUTREACH

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

1. NATURE OF ORGANIZATION

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 216 and 220 full-time, part-time, and volunteer staff serving on approximately 88 and 100 college campuses for the years ended August 31, 2024 and 2023, respectively. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The CCO prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net Asset Classifications - Net assets, revenue, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets and changes in net assets are presented in the following two categories:

- Net assets without donor restrictions represent net assets whose use is not restricted by donors and may be expended for any purpose that aligns with the primary objectives of the organization. In addition, amounts designated by the Board of Directors (See Note 9) for specific purposes are included in net assets without donor restrictions.
- Net assets with donor restrictions represent net assets whose use is subject to stipulations imposed by donors. Some donor-imposed restrictions are temporary in nature, including those that will be met by specified actions or by the passage of time. Other donor-imposed

restrictions are perpetual in nature, stipulating that the corpus of the gift be held permanently while allowing the income to be made available for donor-specified purposes.

Contributions with donor restrictions are reported as increases in net assets with donor restrictions. Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted contributions, are reported as net assets released from restrictions.

Measure of Operations - 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 a charitable remainder trust.

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 is incorporated under the laws of the Commonwealth of Pennsylvania. It has been classified as a tax-exempt publicly supported nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the CCO is exempt from federal and state income taxes, and contributions are tax deductible to the extent allowed by law.

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, 2021.

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.

Estate gifts are recorded as contributions receivable and revenue at the time the CCO has an established right to the gift and the proceeds are measurable.

The CCO occasionally receives communications regarding intentions to give from prospective donors. As these expressions of intent do not meet the requirements for recognition of promises to give under U.S. GAAP, they are not recognized in the accompanying financial statements.

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

Contributions of nonfinancial assets, which consist of items to be used in fundraising auctions, are recorded as contributions at their estimated fair value at the date of receipt.

Donated volunteer services are received but were not recognized because they did not meet the criteria for recognition under U.S. GAAP.

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. Advance payments are classified as deferred revenue on the statements of financial position and are recognized in the fiscal period to which they relate.

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 \$5,248,814 and \$5,423,879 were held in money market funds at August 31, 2024 and 2023, respectively. The cash and cash equivalents at financial institutions may at times exceed federally insured limits and may at times exceed statements 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, 2024 and 2023, \$2,757,314 and \$3,218,606, respectively, of cash and cash equivalents is restricted for individual and campus ministry programs, special projects and other purposes (see Note 8).

Investments - Investments are recorded at fair value. Realized gains and losses, unrealized appreciation (depreciation), and interest and dividends are reflected in the statements 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 three 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 statements of activities.

Beneficial Interest in Charitable Remainder Trust - The CCO is the beneficiary of a charitable remainder trust. Under this arrangement, the donor deposited funds with a third-party trustee. The income beneficiary receives distributions of a fixed percentage of the fair value of the trust over their lifetime, with the CCO receiving all or a share of the remainder upon the death of the income beneficiary.

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 January 28, 2025, the date which the financial statements were available to be issued.

3. LIQUIDITY AND AVAILABILITY OF ASSETS

Financial assets and liquidity resources available within one year are as follows as of August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 2,862,754	\$ 2,912,082
Other receivable	-	289,848
Estimated endowment funds available under spending rule	<u>736,000</u>	<u>745,000</u>
Total financial assets available within one year	<u>3,598,754</u>	<u>3,946,930</u>
Liquidity resources:		
Availability under line of credit (See Note 7)	250,000	250,000
Board designated quasi-endowment	<u>655,626</u>	<u>599,936</u>
Total liquidity resources	<u>905,626</u>	<u>849,936</u>
Total financial assets and liquidity resources available within one year	<u>\$ 4,504,380</u>	<u>\$ 4,796,866</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 for cash and cash equivalents.

Although the CCO does not intend to spend the quasi-endowment, these funds could be made available if necessary.

4. 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 interest in charitable remainder trust: 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 beneficiary and actuarial assumptions for life expectancies, investment return and discount rates. An investment return rate of 7% and a discount rate of 4% was used for the years ended August 31, 2024 and 2023 (level 3 inputs).

Activity for the beneficial interest in the charitable remainder trust is as follows for the years ended August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 115,741	\$ 144,811
Increase (decrease) in value	<u>5,950</u>	<u>(29,070)</u>
Balance, end of year	<u>\$ 121,691</u>	<u>\$ 115,741</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.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land and buildings	\$ 896,222	\$ 896,222
Office equipment	280,703	267,304
Vehicles	106,414	96,830
Camping equipment	<u>113,347</u>	<u>113,347</u>
Total	1,396,686	1,373,703
Accumulated depreciation	<u>(1,197,618)</u>	<u>(1,115,209)</u>
Property and equipment, net	<u>\$ 199,068</u>	<u>\$ 258,494</u>

6. INVESTMENTS

Investments in the endowment fund consisted of the following at August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 531,511	\$ 530,152
Fixed income mutual funds	2,421,834	2,153,497

Equity securities	\$ 2,547,097	\$ 2,218,975
Exchange traded equity funds	4,034,336	3,164,697
Equity mutual funds	9,067,150	8,348,692
Alternative investment mutual funds	<u>1,967,312</u>	<u>1,841,686</u>
Total	<u>\$ 20,569,240</u>	<u>\$ 18,257,699</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.

7. 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, 2024 or 2023. The line of credit has a maturity date of July 5, 2025; however, the CCO expects that the line of credit will be renewed annually in the ordinary course of business.

8. NET ASSETS WITH DONOR RESTRICTIONS

The CCO's net assets with donor restrictions consisted of the following at August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for a specified purpose:		
Endowment funds	\$ 8,284,984	\$ 6,029,133
Individual and campus ministry programs	1,948,130	2,176,352
Special projects	707,618	952,258
Other	<u>101,566</u>	<u>89,996</u>
Total	<u>11,042,298</u>	<u>9,247,739</u>
To be maintained in perpetuity:		
Endowment funds	11,628,630	11,628,630
Beneficial interest in charitable remainder trust	<u>121,691</u>	<u>115,741</u>
Total	<u>11,750,321</u>	<u>11,744,371</u>
Total net assets with donor restrictions	<u>\$ 22,792,619</u>	<u>\$ 20,992,110</u>

9. 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 Finance 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, 2024 and 2023, 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 or loss and amounts appropriated for operations is reflected in the nonoperating section of the statements 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 and Distribution Policy for endowment designated assets 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. 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 schedule represents the change in donor-restricted and board-designated endowment funds by net asset type for the years ended August 31, 2024 and 2023:

	Without Donor Restrictions	With Donor Restrictions		
	Board Designated	For a Specified Purpose	Maintained in Perpetuity	Total
Balance, 9/1/2022	\$ 579,388	\$ 5,196,731	\$ 11,498,630	\$ 17,274,749
Investment return:				
Dividends and interest	10,356	419,524	-	429,880

Net appreciation (realized and unrealized)	\$ 29,812	\$ 1,207,604	-	\$ 1,237,416
Investment management expenses	<u>(1,777)</u>	<u>(71,978)</u>	<u>-</u>	<u>(73,755)</u>
Net investment return	38,391	1,555,150	-	1,593,541
Contributions	-	-	\$ 130,000	130,000
Appropriated for current operations	<u>(17,843)</u>	<u>(722,748)</u>	<u>-</u>	<u>(740,591)</u>
Balance, 8/31/2023	<u>599,936</u>	<u>6,029,133</u>	<u>11,628,630</u>	<u>18,257,699</u>
Investment return:				
Dividends and interest	\$ 10,819	\$ 438,256	-	\$ 449,075
Net appreciation (realized and unrealized)	64,861	2,627,332	-	2,692,193
Investment management expenses	<u>(1,872)</u>	<u>(75,832)</u>	<u>-</u>	<u>(77,704)</u>
Net investment return	73,808	2,989,756	-	3,063,564
Appropriated for current operations	<u>(18,118)</u>	<u>(733,905)</u>	<u>-</u>	<u>(752,023)</u>
Balance, 8/31/2024	<u>\$ 655,626</u>	<u>\$ 8,284,984</u>	<u>\$ 11,628,630</u>	<u>\$ 20,569,240</u>

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 \$832,268 and \$627,366 at August 31, 2024 and 2023, 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.

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Churches	\$ 1,187,970	\$ 1,430,781
Colleges	178,039	191,674
Other	<u>104,958</u>	<u>83,810</u>
Total	<u>\$ 1,470,967</u>	<u>\$ 1,706,265</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 \$131,221 and \$135,107 for the years ended August 31, 2024 and 2023, respectively.

12. HEALTH BENEFITS

Medical and Prescription Coverage

The CCO maintained a self-funded health and welfare benefit plan, available to the majority of its employees, which provided medical and prescription coverage for the year ended August 31, 2023. Participating employees covered by the health and welfare plan had access to the provider's network, discounts on the price of services and drugs, case management, and claims processing. Stop loss policies, which provided coverage above predetermined limits, were in place at approximately \$951,000 in total aggregate medical claims for the year ended August 31, 2023. Fees and claims were expensed as incurred. Total expenses under the plan were approximately \$1,393,000 for the year ended August 31, 2023, which included approximately \$390,000 for plan administrative services and stop loss premiums. Stop loss reimbursements of approximately \$381,000 served to reduce expenses for the year ended August 31, 2023, of which \$289,848 was reflected as an other receivable at August 31, 2023.

Effective September 1, 2023, the CCO established The Coalition for Christian Outreach Health Benefit Trust (the Trust) to hold assets to provide similar health care coverage as to that previously provided under the health and welfare benefit plan. The CCO contributed approximately \$1,325,000 to the Trust during the year ended August 31, 2024. The Trust established stop loss policies which have June 30 fiscal year end coverage periods. Total aggregate medical claims under the stop loss policies are approximately \$808,000 and \$1,054,000 for the coverage periods ending June 30, 2024 and 2025, respectively.

Dental and Vision Coverage

The CCO provides dental and vision coverage under a separately administered self-funded benefit plan. Fees and claims are expensed as incurred. Total expenses related to the dental coverage were approximately \$66,000 and \$61,000 for the years ended August 31, 2024 and 2023, respectively. Total expenses related to the vision coverage were approximately \$11,000 and \$12,000 for the years ended August 31, 2024 and 2023, respectively.

13. CONTRACTUAL COMMITMENTS

The CCO has contracted for event space, lodging and food and beverage service for the Jubilee conferences to be held in February 2025. The contracts include clauses for minimum revenues and license fees and also includes cancellation penalties should the conferences not take place. The maximum total liability under these clauses is approximately \$170,000. A liability related to these contracts is not reflected as the likelihood of the contract stipulations not being met is considered to be remote.

The CCO has noncancelable commitments for software subscription services in the amount of approximately \$87,000 and \$76,000 for the years ending August 31, 2025 and 2026, respectively.
