FELLOWSHIP OF CHRISTIAN ATHLETES

FINANCIAL STATEMENTS

Year Ended August 31, 2009
with
Report of Independent Auditors

FELLOWSHIP OF CHRISTIAN ATHLETES

FINANCIAL STATEMENTS

August 31, 2009

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Keller & Owens, LLC

Certified Public Accountants

REPORT OF INDEPENDENT AUDITORS

Board of Trustees
Fellowship of Christian Athletes

We have audited the accompanying statement of financial position of **Fellowship of Christian Athletes** (FCA) as of August 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of FCA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the **Fellowship of Christian Athletes'** 2008 financial statements and, in our report dated January 27, 2009 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Fellowship of Christian Athletes** at August 31, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 19 to the financial statements, the Organization corrected an error in accounting for the cash surrender value of life insurance as well as an error in recording gifts in kind.

Keller x Owens, LLC

February 8, 2010

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF FINANCIAL POSITION
August 31, 2009

(With comparative totals for August 31, 2008)

	2009				2008
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
ASSETS					
Current Assets:					
Cash in bank and in transit, including savings accounts and temporary investments of $13,160,150 in 2009 and $16,778,222 in 2008	$ 1,863,894	$ 12,926,316	$ -	$ 14,790,210	$ 17,976,202
Prepaid expenses and receivables	457,096	-	-	457,096	484,628
Promises to give	-	131,244	-	131,244	131,244
Merchandise held for resale, at cost	526,177	-	-	526,177	863,413
Total Current Assets	2,847,167	13,057,560	-	15,904,727	19,455,487
Property and Equipment	12,723,582	-	-	12,723,582	10,471,288
Other Assets:					
Investments	-	9,380,690	595,900	9,976,590	12,264,578
Note receivable	2,348,345	-	-	2,348,345	2,385,138
Accumulated cash surrender value of life insurance policies	-	397,733	-	397,733	376,042
Life income gifts	-	35,324	-	35,324	35,324
Total Other Assets	2,348,345	9,813,747	595,900	12,757,992	15,061,082
Total Assets	$ 17,919,094	$ 22,871,307	$ 595,900	$ 41,386,301	$ 44,987,857
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	$ 1,771,093	$ -	$ -	$ 1,771,093	$ 3,064,709
Accrued payroll taxes and benefits	1,390,214	-	-	1,390,214	1,237,480
Current portion of notes payable	401,570	-	-	401,570	-
Current portion of annuities payable	8,820	-	-	8,820	8,820
Total Current Liabilities	3,571,697	-	-	3,571,697	4,311,009
Long-Term Debt:					
Notes payable	996,776	-	-	996,776	-
Charitable trust	-	27,424	-	27,424	28,424
Annuities	42,968	-	-	42,968	39,047
Total Long-Term Debt	1,039,744	27,424	-	1,067,168	67,471
Total Liabilities	4,611,441	27,424	-	4,638,865	4,378,480
Net Assets	13,307,653	22,843,883	595,900	36,747,436	40,609,377
Total Liabilities and Net Assets	$ 17,919,094	$ 22,871,307	$ 595,900	$ 41,386,301	$ 44,987,857

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF ACTIVITIES
Year Ended August 31, 2009

(With comparative totals for the year ended August 31, 2008)

	2009				2008
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Support and Revenue:					
Contributions	$ 86,429	$ 44,508,659	$ -	$ 44,595,088	$ 45,384,622
Camps/conferences	2,828,478	-	-	2,828,478	3,283,814
Membership, subscriptions, and chartering fees	285,481	-	-	285,481	358,731
Sale of merchandise	410,668	-	-	410,668	438,706
Special events fees	1,814	19,676,200	-	19,678,014	20,861,388
Other non-contribution revenue	1,301,282	-	-	1,301,282	1,686,126
Investment return	157,928	(990,027)	-	(832,099)	199,407
Gain on sale of property and equipment	-	-	-	-	29,712
Increase in cash surrender value of life insurance policies	-	21,691	-	21,691	18,071
Actuarial adjustment of charitable trust	1,000	-	-	1,000	-
Net assets released from restrictions	67,884,809	(67,884,809)	-	-	-
Total Support and Revenue	72,957,889	(4,668,286)	-	68,289,603	72,260,577
Expenses:					
Program services	50,960,294	-	-	50,960,294	49,433,629
Cost of direct benefits to donors	10,196,913	-	-	10,196,913	11,108,772
General and administration	6,925,568	-	-	6,925,568	6,770,825
Fund-raising	4,068,769	-	-	4,068,769	3,989,671
Total Expenses	72,151,544	-	-	72,151,544	71,302,897
Change in Net Assets	806,345	(4,668,286)	-	(3,861,941)	957,680
Net Assets at Beginning of Year	12,501,308	27,512,169	595,900	40,609,377	39,651,697
Net Assets at End of Year	$ 13,307,653	$ 22,843,883	$ 595,900	$ 36,747,436	$ 40,609,377

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

STATEMENT OF CASH FLOWS
Year Ended August 31, 2009

(With comparative totals for the year ended August 31, 2008)

	2009	2008
Cash Flows from Operating Activities:		
Change in net assets	$ (3,861,941)	$ 957,680
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	789,426	724,694
Gain on sale of property and equipment	-	(29,712)
Net loss (gain) on sale of investments	1,361,370	(262,344)
Unrealized loss on investments	28,408	1,507,240
Donated securities	(493,588)	(647,873)
Donated property	(747,455)	(1,257,500)
(Increase) decrease in assets:		
Prepaid expenses and other receivables	27,532	42,112
Merchandise held for resale	337,236	(465,929)
Promises to give	-	(39,105)
Increase (decrease) in liabilities:		
Accounts payable	(1,294,616)	1,196,537
Accrued payroll taxes, benefits and annuities	156,655	(218,205)
Net cash (used) provided by operating activities	(3,696,973)	1,507,595
Cash Flows from Investing Activities:		
(Increase) decrease in cash surrender value of life insurance	(21,691)	81,929
Net proceeds of investments	1,391,798	487,012
Purchase of property and equipment	(1,258,588)	(1,969,696)
Proceeds from sale of property and equipment	400,000	46,520
Net cash provided (used) by investing activities	511,519	(1,354,235)
Cash Flows from Financing Activities:		
Payments on long-term debt	(37,331)	-
Payments received on notes receivable	36,793	-
Net cash used by investing activities	(538)	-
Net (Decrease) Increase in Cash	(3,185,992)	153,360
Cash at Beginning of Year	17,976,202	17,822,842
Cash at End of Year	$ 14,790,210	$ 17,976,202

Non-Cash Investing and Financing Activities

Property and Equipment purchased using notes payable	$ 1,435,677	$ -

See accompanying notes

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS
August 31, 2009

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Organization - The **Fellowship of Christian Athletes** (FCA) was founded and incorporated in Oklahoma in 1954, with a stated purpose "to present to athletes and coaches, and all whom they influence, the challenge and adventure of receiving Jesus Christ as Savior and Lord, serving Him in their relationships and in the fellowship of the Church". In 1956, FCA National Support Center was moved to Kansas City, Missouri, where it continues to be based. FCA is supported primarily through donor contributions and fees charged for camps, conferences and memberships.

The donor base of FCA consists primarily of citizens of the United States of America.

Accrual basis - The financial statements of FCA have been prepared on the accrual basis.

Advertising - Advertising costs are expensed as incurred.

Basis of presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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 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, 2008 from which the summarized information is derived.

Cash and cash equivalents - For purposes of the statement of cash flows, cash includes cash in banks, cash on hand, certificates of deposit and temporary investments (government securities with an original maturity of three months or less).

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Contributions - Contributions are recorded as unrestricted, temporarily restricted or permanently restricted revenue depending on the existence and/or nature of any donor restrictions. Amounts received without donor stipulations are recorded as unrestricted support and revenue. Amounts received with donor stipulations that limit the use of the donated assets, and amounts earned on those assets, are recorded as temporarily or permanently restricted support and revenue, depending on the nature of the restriction. When the expenses are incurred for their designated purpose, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

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

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

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

Donated securities - Donated securities with a fair market value at the date of contribution in the amount of $493,588 and $647,873 are included in cash flows from operating activities for the years ended August 31, 2009 and 2008, respectively.

Donated services - A substantial number of volunteers donate significant time to FCA. These donated services were not recognized in the financial statements because they did not meet the criteria for recognition under SFAS No. 116.

Fair value of financial instruments – The carrying amounts of financial instruments including cash and equivalents, receivables, note receivable, cash surrender value of life insurance, accrued expenses and accounts payable approximated fair values as of August 31, 2009 due to their short-term nature. The fair value of investments is disclosed in Note 2, fair value of notes payable is disclosed in Note 13.

Income taxes - FCA has been declared a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. In addition, FCA has been classified as a publicly supported organization, which is not a private foundation within the meaning of Section 509(a)(1) of the code.

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Income taxes (continued) - The Organization has elected to defer for one year the implementation of the provisions of the Financial Accounting Standards Board FIN 48 – *Accounting for Uncertain Income Tax Positions* as it might apply to the Organization's financial transactions. The management of the Organization with its advisers periodically reviews the Organization's tax status and its relevant tax positions and reflects their effect, if any, in the Organization's financial statements.

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

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

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

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

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

Subsequent events – Management has evaluated events and transactions that have occurred since August 31, 2009 and reflected their effects, if any, in these financial statements through February 8, 2010, 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.

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS
August 31, 2009

2. FAIR VALUE MEASUREMENTS

In September 2006, the FASB issued SFAS No. 157 *Fair Value Measurements* in order to establish a single definition of fair value and a framework for measuring fair value in generally accepted accounting principles (GAAP) that is intended to result in increased consistency and comparability in fair value measurements. SFAS No. 157 also expands disclosures about fair value measurements. SFAS No. 157 applies whenever other authoritative literature requires (or permits) certain assets or liabilities to be measured at fair value, but does not expand the use of fair value. SFAS No. 157 was originally effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those years with early adoption permitted.

In early 2008, the FASB issued Staff Position (FSP) FAS-157-2 *Effective Date of FASB Statement No. 157*, which delays by one year, the effective date of SFAS No. 157 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The delay pertains to items including, but not limited to, non-financial assets and non-financial liabilities initially measured at fair value in a business combination, non-financial assets (such as inventory or donations in-kind) recorded at fair value at the time of donation, and long-lived assets measured at fair value for impairment assessment under SFAS No. 144 *Accounting for the Impairment or Disposal of Long-Lived Assets*.

The Organization has adopted the portion of SFAS No. 157 that has not been delayed by FSP FAS-157-2 as of the beginning of their 2009 fiscal year and determined that the effects are immaterial. The Organization plans to adopt the balance of its provisions as of the beginning of their 2010 fiscal year. The Organization is continuing to evaluate the impact the standard will have on the determination of fair value related to non-financial assets and non-financial liabilities in post-2009 years.

Fair values of assets measured on a recurring basis at August 31, 2009 are as follows:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Long-term investments	$ 9,976,590	$ 9,976,590	$ -	$ -
Short-term investments	13,160,150	13,160,150	-	-
Total Assets	$23,136,740	$ 23,136,740	$ -	$ -

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS
August 31, 2009

2. FAIR VALUE MEASUREMENTS (continued)

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within independent active markets. Financials assets valued using Level 2 inputs are directly or indirectly observable estimates from quoted prices for similar but not identical assets, market trades for identical assets not actively traded or other independent means. Fair value for Level 3 financial assets are based on inputs that are unobservable and reflect assumptions on the part of the reporting entity. There have been no changes in valuation techniques and related inputs.

3. PREPAID EXPENSES AND RECEIVABLES

Included in prepaid expenses and receivables are amounts due from employees for travel advances and amounts due from groups for use of camp facilities. All amounts are considered collectible and no collateral is required.

Also included in prepaid expenses and receivables is interest receivable in the amount of $67,386 and $152,939 for the years ended August 31, 2009 and 2008.

4. PROMISES TO GIVE

Unconditional promises to give are $131,244 at August 31, 2009 and 2008. These amounts are expected to be collected in full within twelve months.

5. PROPERTY AND EQUIPMENT

Property and equipment includes the following:

	2009	2008
Land	$ 1,088,040	$ 1,488,040
Land improvements	114,157	106,551
Buildings	11,180,938	7,966,229
Building improvements	448,122	426,329
Furniture and equipment	6,361,460	6,184,411
Construction in process/assets not in service	1,622,754	1,720,805
	20,815,471	17,892,365
Less accumulated depreciation	8,091,889	7,421,077
Net Property and Equipment	$ 12,723,582	$ 10,471,288

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS
August 31, 2009

6. INVESTMENTS

Investments at August 31, 2009 and 2008 consisted of the following:

	2009	2008
Managed investments:		
Cash and cash equivalents	$ 473,808	$ 1,138,305
US Government obligations	505,065	669,033
Investment funds	2,622,663	3,265,058
Common stock	6,213,267	7,164,303
Total Managed Investments	9,814,803	12,236,699
Other investments:		
Real estate	-	7,800
Common stock	161,787	2,079
Other	-	18,000
Total Investments	$ 9,976,590	$ 12,264,578

At August 31, 2009 and 2008, the managed investments by fund were as follows:

	2009	2008
National Support Center Building Fund	$ 41,871	$ 81,660
National Camp Scholarship Fund	1,399,171	1,391,721
National Ministry Endowment Fund	79,062	156,841
John Erickson Presidential Endowment Fund	129,010	252,861
Golf Ministry Endowment Fund	744,421	1,107,455
Jeffrey/Lane Endowment Fund	415,450	462,950
State and Local Chapter Endowment Funds	7,005,818	8,783,211
Total Managed Investments	$ 9,814,803	$ 12,236,699

Income from investments is summarized as follows:

	2009	2008
Interest and dividends	$ 557,679	$ 1,444,303
Net realized (loss) gains	(1,361,370)	262,344
Net unrealized (losses) gains	(28,408)	(1,507,240)
Total Investment Return	$ (832,099)	$ 199,407

7. NOTE RECEIVABLE

In connection with the sale of the National Conference Center in 2007, FCA entered into an agreement with the buyer of the facility to carry back a mortgage in the amount of $2,900,000. This note has zero interest, therefore the present value was recorded in the amount of $2,385,138. The balance at August 31, 2009 is $2,348,345. Management considers this note fully collectible. The payment schedule for this note is $250,000 in 2010 (which includes $50,000 that was due in 2009 but not received), $250,000 in 2011 and the balance of the note is to be received in 2012.

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, 2009 and 2008 was $2,643,947 and $2,913,626, respectively. The accumulated cash surrender value of all policies held is recorded in the financial statements as temporarily restricted assets.

9. CHARITABLE TRUSTS

FCA is the charitable remainder in one unitrust agreement. Under the unitrust agreement, the donor, or donor's survivors, receives income distributions for defined periods. At the expiration of the defined periods, the portion of the principal designated will be distributed to FCA. The portion of the trusts attributable to the future interest of FCA is recorded on the statement of activities as temporarily restricted contributions in the period received. The liability on the statement of financial position entitled "Charitable Trusts" includes the present value of the life interest payable to the trust recipient. The principal of the life income gifts is invested primarily in common stocks, corporate bond funds, and a flexible adjustable life insurance policy. The life income gift of $35,324, at August 31, 2009, and 2008, respectively, is recorded at fair market value.

10. CHARITABLE GIFT ANNUITIES

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

FELLOWSHIP OF CHRISTIAN ATHLETES

NOTES TO FINANCIAL STATEMENTS
August 31, 2009

11. RESTRICTED NET ASSETS

Restricted net assets consist of the following at August 31:

	2009	2008
Temporarily restricted net assets:		
Programs and ministry	$ 22,835,983	$ 27,505,269
Future interest in charitable trust	7,900	6,900
Total Temporarily Restricted Net Assets	$ 22,843,883	$ 27,512,169
Permanently restricted net assets:		
Permanent endowments	$ 595,900	$ 595,900

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donors were as follows:

State and local, and sports specific ministries	$ 58,210,091	$ 59,392,476
National Support Center	9,674,718	4,633,186
Net Assets Released from Restrictions	$ 67,884,809	$ 64,025,662

12. CONCENTRATION OF RISK

FCA maintains cash balances in a financial institution located in Independence, Missouri. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At August 31, 2009, FCA's uninsured balances totaled $2,062,664. However, the uninsured balances are collateralized by Repurchase Agreements. FCA holds other funds in other money market accounts maintained by national investment companies. These funds are not insured by the FDIC, but are invested in government and commercial debt obligations. The investments not insured by the FDIC are subject to market risk, including loss of principal.

13. NOTES PAYABLE

Note payable to Microsoft Corp., due December 2011, $4,667 payable monthly, zero interest, unsecured.	$	130,669
Note payable to Microsoft Corp., due September, 2012, $38,881 payable monthly, interest at 4.916%, unsecured.		1,267,677
Total notes payable		1,398,346
Less: current portion		(401,570)
Notes payable long-term	$	996,776

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

Year Ending August 31:		
2010	$	401,570
2011		486,860
2012		471,193
2013		38,723
Total Notes Payable	$	1,398,346

The fair value of notes payable approximates the carrying value based on similar available terms.

14. OPERATING LEASE COMMITMENTS

FCA leases certain office space and equipment under operating lease agreements. Rental expenses for the years ended August 31, 2009 and 2008 were $1,236,488 and $1,267,377, respectively which included $484,484 and $557,182, respectively of donated rent. The minimum annual rental commitment under these leases is as follows:

Year Ended August 31,		
2010	$	355,070
2011		155,530
Total Operating Lease Commitments	$	510,600

15. RETIREMENT PLAN

Effective July 1, 1984, FCA instituted a retirement plan for all qualified employees. The plan covers all employees of FCA who have completed one year of service and work a minimum of 1,000 hours during the plan year. The plan is a contributory plan with all employer contributions made at the sole discretion of the Board of Trustees. FCA has received a favorable determination letter as to the tax-exempt status of the plan from the Internal Revenue Service.

Effective January 1, 2001, FCA started offering a 401(k) plan for all eligible employees. The plan covers all regular employees that have completed one year of continuous service and work a minimum of 1,000 hours during the plan year. Eligible employees are fully vested in employee contributions immediately and in employer contributions after three years of service.

FCA's retirement plan expense was $1,109,903 and $1,736,532 for the years ended August 31, 2009 and 2008.

16. CONDITIONAL PROMISES RECEIVED

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Conditional pledges at August 31, 2009 were $10,120,600. FCA is also the owner and beneficiary of several life insurance policies, see Note 8.

17. ASSETS HELD IN TRUST

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

18. ENDOWMENTS

The Organization's endowment consists of approximately fifty long-term investment funds, a majority of which were established for program expenses. Its endowment consists of term endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The State of Missouri had adopted the Uniform Prudent Management of Institutional Funds Act as of August 31, 2009. As a result, donor restricted endowments are regulated by the State law. The Board of Trustees of the Organization has interpreted the law as follows:

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 made pursuant to the direction of the applicable portion of investment return added to the fund to maintain its purchasing power.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ -	$ 9,814,804	$ 595,900	$10,410,704
Total Funds	$ -	$ 9,814,804	$ 595,900	$10,410,704

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ -	$12,236,699	$ 595,900	$12,832,599
Contributions	-	243,295	-	243,295
Investment return	-	(1,003,735)	-	(1,003,735)
Released from restrictions	-	(1,661,455)	-	(1,661,455)
Net assets, end of year	$ -	$ 9,814,804	$ 595,900	$10,410,704

18. ENDOWMENTS (continued)

Return Objectives and Risk Parameters

The Organization has adopted endowment investment and spending policies that attempt to achieve the maximum annual income from growth, interest, and dividends while preserving and enhancing the capital and the purchasing power of the underlying assets in inflation-adjusted real terms.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization diversifies its portfolio by security selection and asset allocation, as defined by and that could include any combination of large capitalization, mid-capitalization and small capitalization stocks as well as international securities, real estate investment trusts and fixed income securities.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's spending policy specifies a payout of interest and dividends. The Board has adopted a Statement of Investment Policies, Objectives and Guidelines for the purpose of outlining a philosophy and policies which will guide the investment management of the assets.

Appropriation of Endowment Assets for Next Fiscal Year

For the 2010 fiscal year, the Organization has not appropriated any endowment assets.

19. PRIOR PERIOD ADJUSTMENTS

During 2009, an error resulting in an overstatement of previously reported cash surrender value of life insurance was discovered. Accordingly, an adjustment of $100,000 was made during 2009 to reduce the cash surrender value of life insurance as of the beginning of the year. A corresponding entry was made to reduce previously reported temporarily restricted net assets by $100,000. The 2008 financial statements have been restated to reduce contributions and the cash surrender value of life insurance by $100,000. This restatement had the effect of lowering the 2008 net income by $100,000.

19. PRIOR PERIOD ADJUSTMENTS (continued)

Also, during 2009, management determined that land and donated construction costs recorded in 2009 were actually received in 2008. Accordingly, an adjustment of $1,257,500 was made during 2009 to increase property and equipment as of the beginning of the year. A corresponding entry was made to increase previously reported unrestricted net assets by $1,257,500. The 2008 financial statements have been restated to increase contributions by $1,257,500. This restatement had the effect of increasing the 2008 net income by $1,257,500.

ACCOMPANYING INFORMATION

REPORT OF INDEPENDENT AUDITORS ON ACCOMPANYING INFORMATION

Board of Trustees
Fellowship of Christian Athletes

Our audit of the basic financial statements presented in the preceding section of this report was made for the purpose of forming an opinion on such financial statements taken as a whole. We have previously issued our report dated January 27, 2009 on the 2008 financial statements and accompanying information. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Keller & Owens, LLC

February 8, 2010

FELLOWSHIP OF CHRISTIAN ATHLETES

SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended August 31, 2009

(With comparative totals for the year ended August 31, 2008)

	2009					
	Program Services	General and Administration	Fund-raising	Cost of Direct Benefits to Donors	Total	2008 Total
Salaries	$ 27,827,299	$ 3,865,502	$ 2,676,049	$ -	$ 34,368,850	$ 32,266,317
Camps/conferences	3,661,045	11	10	-	3,661,066	4,118,500
Travel	1,950,244	288,391	178,083	-	2,416,718	2,595,760
Supplies	1,004,847	205,769	86,938	-	1,297,554	1,521,596
Payroll taxes	1,217,287	203,714	118,015	-	1,539,016	1,446,894
Cost of merchandise sold	130,248	-	90	-	130,338	192,436
Public relations and direct mail	544,404	60,560	53,000	-	657,964	753,990
Program events and staff training	3,484,158	11,354	-	10,196,913	13,692,425	14,799,527
Communications	900,043	125,589	84,714	-	1,110,346	1,062,408
Employee insurance	4,481,077	732,602	442,975	-	5,656,654	4,124,334
Postage	543,910	134,667	25,911	-	704,488	717,194
Taxes, commissions and fees	311,109	62,867	26,131	-	400,107	390,183
Insurance	611,578	169,331	40,706	-	821,615	889,039
Printing/publications	692,768	89,478	28,244	-	810,490	931,892
Utilities	134,194	46,367	9,753	-	190,314	193,084
Food	30,987	5,243	3,073	-	39,303	26,046
Rent/leases	993,695	148,580	94,213	-	1,236,488	1,267,377
Maintenance	172,254	16,538	14,355	-	203,147	249,620
Professional fees	732,325	517,512	49,247	-	1,299,084	1,272,465
Interest	-	5	-	-	5	109
Retirement plan	876,872	148,315	84,716	-	1,109,903	1,736,531
Miscellaneous	13,497	1,781	965	-	16,243	22,901
Depreciation	646,453	91,392	51,581	-	789,426	724,694
Total Functional Expenses	$ 50,960,294	$ 6,925,568	$ 4,068,769	$ 10,196,913	$ 72,151,544	$ 71,302,897