CHRISTIAN OPPORTUNITY CENTER

Financial Statements
Supplementary Information

August 31, 2015

CHRISTIAN OPPORTUNITY CENTER

Contents

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Independent Auditors' Report

To the Board of Directors
Christian Opportunity Center
Pella, Iowa

We have audited the accompanying financial statements of Christian Opportunity Center, a nonprofit organization, as of and for the year ended August 31, 2015, which comprise the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 polices 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 Christian Opportunity Center as of August 31, 2015, 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.

Other Matter

Our audit was performed for the purpose of forming an opinion on the financial statements of Christian Opportunity Center taken as a whole. The schedule of functional expenses presented on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

TD&T CPAs and Advisors, P.C.

Pella, Iowa
October 16, 2015

CHRISTIAN OPPORTUNITY CENTER

Statement of Financial Position
August 31, 2015

Assets		
Cash	$	329,911
Accounts receivable, net of allowance of $15,000		991,618
Deposits receivable		1,000
Accrued interest receivable		3,308
Pledges receivable		6,293
Prepaid expenses		132,414
Investments		5,948,695
Property and equipment, net		3,655,228
Total assets	$	11,068,467
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$	138,970
Accrued payroll payable		323,047
Payroll taxes payable		26,026
Intermediate care facility taxes payable		63,942
Accrued retirement payable		116,127
Accrued benefits payable		241,422
Other accrued liabilities		15,414
Deferred compensation payable		29,341
Notes payable		226,409
Bond payable		750,415
Total liabilities		1,931,113
Net assets:		
Unrestricted		8,535,620
Temporarily restricted		65,353
Permanently restricted		536,381
Total net assets		9,137,354
	$	11,068,467

See accompanying notes to financial statements.

CHRISTIAN OPPORTUNITY CENTER

Statement of Activities
For the Year Ended August 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains, and other support:				
Vocational	$ 1,393,159	-	-	1,393,159
Residential	8,904,980	-	-	8,904,980
Contributions	197,781	6,293	-	204,074
Investment income	275,676	7,356	-	283,032
Unrealized loss on investments	(314,087)	-	-	(314,087)
Net assets released from restrictions	13,034	(13,034)	-	-
Gain on sale of assets	117,662	-	-	117,662
Total revenue, gains, and other support	10,588,205	615	-	10,588,820
Expenses:				
Program services:				
Vocational	1,358,245	-	-	1,358,245
Residential	7,860,602	-	-	7,860,602
Foundation fund	237,590	-	-	237,590
Supporting services				
General and administrative	1,368,408	-	-	1,368,408
Fundraising	19,507	-	-	19,507
Total expenses	10,844,352	-	-	10,844,352
Increase (decrease) in net assets	(256,147)	615	-	(255,532)
Net assets, beginning of year	8,791,767	64,738	536,381	9,392,886
Net assets end of year	8,535,620	65,353	536,381	9,137,354

See accompanying notes to financial statements.

CHRISTIAN OPPORTUNITY CENTER

Statement of Cash Flows
For the Year Ended August 31, 2015

Cash flows from operating activities:		
Change in net assets	$	(255,532)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation		323,385
Gain on sale of assets		(117,662)
Unrealized loss on investments		314,087
Reinvested investment income		(269,973)
(Increase) decrease in:		
Accounts receivable		(26,248)
Other receivables		401
Prepaid expenses		7,544
Increase (decrease) in:		
Accounts payable		33,881
Accrued payroll payable		42,046
Payroll taxes payable		(1,826)
Intermediate care facility taxes payable		23,889
Accrued retirement payable		(1,331)
Other accrued liabilities		423
Deferred compensation payable		11,841
Net cash provided (used) by operating activities		84,925
Cash flows from investing activities:		
Proceeds from sale of property and equipment		148,095
Purchases of property and equipment		(292,443)
Proceeds from sale of investments		100,000
Net cash provided (used) by investing activities		(44,348)
Cash flows from financing activities:		
Principal payments on long term notes and bond payable		(60,253)
Net cash provided (used) by financing activities		(60,253)
Net decrease in cash		(19,676)
Cash, beginning of year		349,587
Cash, end of year	$	329,911
Supplementary disclosures:		
Cash paid during the year for interest	$	26,135
Noncash investing activities:		
Purchase of property through bank financing	$	228,000

See accompanying notes to financial statements.

Note 1 – Summary of Significant Accounting Policies

The summary of significant accounting policies of Christian Opportunity Center (the "Organization") is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Organization

The Organization is a not-for-profit organization incorporated in 1969 in the State of Iowa. It is organized to provide spiritual nurturing, education, training, habilitation, and care of persons with disabilities. The Organization serves primarily persons with mental disabilities but also serves persons with other types of developmental disabilities as well as some persons with chronic mental illness. The Organization supports more than 250 persons with disabilities in a four-county area.

The Organization's primary program revenues and expenses are classified as:

Vocational – Revenues and expenses incurred by locations and/or facilities for either sheltered employment or community employment programs and job training of persons with disabilities. Work contracts with area businesses provide various packaging, assembly, microfilming, and mail processing jobs as vocational services.

Residential – Revenues and expenses incurred by sheltered villages or small group homes integrated into the community for housing and residential training, including teaching of daily living skills, of persons with disabilities.

Tax Status

The Organization is organized exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. As such, the Organization is exempt from Federal income taxes. The Organization has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction for donors.

The Organization is required to comply with Internal Revenue Service reporting requirements and files Form 990, *Return of Organization Exempt from Income Tax*, each year.
The Organization is subject to routine audits by taxing jurisdictions; however, there currently are no audits for any periods in progress. Management believes it is no longer subject to income tax examinations for years ended prior to August 31, 2012.

(continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The Organization's policy is to prepare its financial statements on the accrual basis of accounting in compliance with accounting principles generally accepted in the United States of America. Under the accrual method of accounting, revenues are recognized in the period when amounts are earned and when the amount and timing of the revenue can be reasonably estimated. Expenses are recognized in the period in which the corresponding liability is incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Codification Topic 958, *Not-for-Profit Entities.* Under FASB Codification Topic 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and revenues, expenses, gains, and losses are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets generally result from the receipt of revenues for providing the Organization's services, the receipt of unrestricted contributions, and the income from income-producing assets, less expenses incurred in providing services and performing administrative functions. All contributions received are considered to be available for unrestricted purposes unless specifically restricted by the donor. The Organization treats restricted contributions as unrestricted if the restriction is met or expires within the year that the contribution was received.

Temporarily restricted net assets **–** Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time. Temporarily restricted net assets may also include unconditional promises to give with payments due in future periods. When a restriction is met or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

(continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of reporting cash flows, in addition to unrestricted currency and demand deposits with banks or other financial institutions, the Organization considers highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. At August 31, 2015, the Organization had no cash equivalents.

Accounts Receivable

Accounts receivable are reported at the estimated realizable amounts due from residents, third-party payers, and others for services rendered. The balance includes amounts for services rendered generally for the past two months.

On a periodic basis, management evaluates its receivables and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections. Management has estimated the allowance for bad debts to be $15,000 as of August 31, 2015.

Pledges Receivable

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional.

Unconditional promises to give (pledges receivable) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in subsequent years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue on the statement of activities. All pledges receivable at August 31, 2015 are expected to be collected within one year.

The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior collection history, types of contributions, and management’s analysis of specific pledges made. Management believes all pledges receivable are collectable at August 31, 2015 and accordingly no allowance for uncollectible pledges has been recorded.

(continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the statement of financial position with gains and losses included in the statement of activities. The fair values of marketable securities are generally determined based on quoted market prices or estimates of fair value provided by external investment managers. The amounts the Organization will ultimately realize could differ materially and significant fluctuations in fair values could occur from year to year.

Investments in certificates of deposit are recorded at historical cost plus accrued interest income.

Investments in real estate are recorded at the most recent appraised value.

Property and Equipment

Property and equipment is reported at acquisition cost less accumulated depreciation. Generally, property and equipment purchases in excess of $5,000 are capitalized. The cost of major renewals or betterments that extend the useful life of an asset are also capitalized and depreciated over their estimated useful lives. Minor items and repairs are expensed in the year the cost is incurred.

When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

Depreciation

Depreciation of property is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	40 years
Office equipment	4-20 years
Workshop equipment	2-20 years
CBE equipment	3-10 years
Residential furnishings	3-25 years
Non-residential furnishings	3-25 years
Transportation	3-10 years
Land improvements	5-25 years
Other assets	3-20 years

(continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

Revenues

Revenues consist principally of contract fees and grants from county governments in the Organization's service area under terms of agreements to provide program services at per diem or hourly rates. Revenues are reported on the accrual basis in the period in which services are provided, at established rates. Contractual adjustments and the results of other arrangements for providing services at less than the established rates are reported as deductions from revenue in the period that the determination is made.

Investment Income

Income and gains or losses on investments are reported in the statement of activities as follows:

Increases in permanently restricted net assets if the terms of the gift that gave rise to the investment or applicable law require income or gains to be added to the principal of a permanent endowment.

Increases in temporarily restricted net assets if the terms of the gift or applicable law impose restrictions on the use of the income.

Increases in unrestricted net asset in all other cases.

Interest earned on interest-bearing accounts is accounted for as income in the program group in which the cash was reported.

Advertising Costs

The Organization expenses non-direct response advertising as incurred. Advertising and related printing expense was $26,339 for the year ended August 31, 2015.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been reported on a functional basis in the statement of activities. The allocation of expenses was made first by direct allocation to program areas on the basis of supporting documentation. The remaining balances have been allocated among programs and supporting services on the basis of time records and estimates made by the Organization's management. Accordingly, certain costs, such as depreciation and interest, have been allocated among the programs and activities directly benefited.

(continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

Compensated Absences

The Organization pays accrued vacation hours to the extent of 120 hours maximum to employees meeting certain requirements upon termination of employment. The accrued benefits payable represents these accumulated hours at current rates of pay.

Donated Services

During the year ended August 31, 2015, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Date of Management's Review

Management has evaluated events through October 16, 2015, the date when the financial statements were available to be issued.

Note 2 – Investments

Investments at August 31, 2015 consist of the following:

Certificates of deposit	$	1,138,801
Mutual funds		4,775,347
Real estate investment		34,547
Total	$	5,948,695

As of August 31, 2015, real estate investment consisted of two undeveloped lots that were purchased for potential future construction of handicap homes.

Investment income for the year ended August 31, 2015 is as follows:

Interest	$	14,277
Dividends and capital gains		268,755
Unrealized loss on investments, net		(314,087)
Total	$	(31,055)

Note 3 – Fair Value Measurement

The Organization values its assets at fair value. Accounting guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

(continued)

Note 3 – Fair Value Measurement (Continued)

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table presents by level, within the fair value hierarchy, the assets at fair value as of August 31, 2015. Assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

Description	August 31, 2015	Quoted Prices In Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	$ 4,775,347	4,775,347	-	-
Real estate investment	34,547	-	-	34,547
Total	$ 4,809,894	4,775,347	-	34,547

Real estate investment is classified as Level 3 as the investment is not traded in an active market and is valued at the most recent appraisal.

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the year ended August 31, 2015.

The reconciliation of the change in the real estate investment measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows:

August 31, 2014	$ 34,547
Sale of investment	-
Purchase of investment	-
August 31, 2015	$ 34,547

Notes to Financial Statements (Continued)
August 31, 2015

Note 4 – Property and Equipment

Property and equipment are stated at net book value as of August 31, 2015. The original cost, accumulated depreciation and resulting net book value, by asset group, are as follows:

Asset Group	Original Cost	Accumulated Depreciation	Net Book Value
Land	$ 319,169	-	319,169
Buildings and improvements	7,968,121	4,995,110	2,973,011
Office equipment	1,071,473	1,050,227	21,246
Workshop equipment	238,490	225,402	13,088
CBE equipment	1,112	1,112	-
Residential furnishings	419,714	410,666	9,048
Non-residential furnishings	148,017	141,434	6,583
Transportation	703,671	506,717	196,954
Land improvements	275,542	193,066	82,476
Other assets	127,095	93,442	33,653
Total	$ 11,272,404	7,617,176	3,655,228

Total depreciation expense for the year ended August 31, 2015 was $323,385.

Note 5 – Retirement Plan

The Organization sponsors a defined contribution 401(k) profit sharing plan. Employees age 21 or older are eligible to participate after obtaining one year (1,000 or more hours) of service. Eligible participants may make elective deferrals from their payroll up to limits allowable by federal law. Participants are always 100 percent vested in their 401(k) elective deferral contributions.

The Organization may make a discretionary contribution each plan year. The Organization’s contributions are accrued throughout the year. A one time payment to the retirement account is made annually, subsequent to fiscal year end, upon approval of the contribution rate by the board of directors and the finalization of eligible wages. Contributions of 3 percent of eligible participant wages were approved by the board of directors and totaled $116,127 for the year ended August 31, 2015.

Note 6 – Deferred Compensation

In December 2013, the Organization established an unfunded nonqualified deferred compensation plan for the executive director. Under the plan, the Organization may declare an annual employer contribution up to legally prescribed maximums. Employer contributions represent an unsecured liability which must be funded at the time of distribution. In addition, the participant may make contributions to the plan up to legally prescribed maximums. Through August 31, 2015, the participant has not made any such contributions.

At December 30 of each plan year, the participant's account will be credited with a 5% annual rate of return on the balance at that date. Upon separation of employment, the participant will receive a lump sum distribution unless a 10 year annuity option is selected.

The organization declared an $11,091 contribution in December 2014. The balance of the deferred compensation plan at August 31, 2015 equaled $29,341.

Note 7 – Long-term Debt

Note payables as of August 31, 2015 are as follows:

Note payable to Commercial Federal Bank in monthly installments of $1,745, including interest at 7.05 percent per annum, maturing September 15, 2015. The note is secured by a mortgage on real property in Indianola, Iowa with an approximate carrying value of $162,000. The balance of the note payable to Commercial Federal Bank was $-0- at August 31, 2015.

Note payable to Leighton State Bank was obtained in June 2015 to finance the purchase of real estate in Oskaloosa, Iowa. Terms of the note require monthly payments of $871 including principal and interest at 4.50 percent per annum, with final maturity in June 2025. The note is secured by the property purchased with an approximate carrying value of $105,000. The balance of the note payable to Leighton State Bank was $82,888 at August 31, 2015.

Note payable to Marion County Bank was obtained in July 2015 to finance the purchase of real estate in Pella, Iowa. Terms of the note require monthly payments of $1,467 including principal and interest at 4.125 percent per annum, with final maturity in July 2025. The note is secured by the property purchased with an approximate carrying value of $155,000. The balance of the note payable to Marion County Bank was $143,521 at August 31, 2015.

Bond payable as of August 31, 2015 is as follows:

Development revenue bond issued by the Iowa Finance Authority who assigned its rights under a loan agreement to Marion County State Bank. Monthly payments of $5,392, including interest at 3.25 percent per annum through February 1, 2015. On February 1, 2015, the interest rate was adjusted to 3.04 percent per annum with monthly payments of $5,314. On March 1, 2020 and 2025, the interest rate on the bond will be adjusted using a municipal market index. The bond matures February 1, 2030. The bond is secured by a mortgage on real property in Indianola and Pella, Iowa with an approximate carrying value of $815,000. The balance of the bond payable to Marion County Bank was $750,415 at August 31, 2015.

Note 7 – Long-term Debt (continued)

Maturities of the note and bond payable for the years following August 31, 2015 are as follows:

2016	$	59,697
2017		61,865
2018		64,110
2019		66,440
2020		68,855
Thereafter		655,857

Interest expense for the year ended August 31, 2015 was $26,135.

Note 8 – Contributions

The Organization has made a concentrated effort to work with parents of persons supported in their estate planning. As a result, the Organization has knowledge of being included as a beneficiary in several wills. In addition, as a member of the Barnabas Foundation, which assists people in their estate planning, the Organization has knowledge of being included as a beneficiary in several wills. No amounts have been recorded for these bequests as they are considered "intentions" to give which are not legally enforceable. Amounts will be recorded when the Organization has received legal notice that the deceased's will is in probate, and the bequest amount and estimated receipt date are known.

Management and various board members have had meetings with several benefactors who have stated their intention to make a donation. These donations have not been included in the financial statements as they do not meet the required criteria for recognition.

Note 9 – Operating Lease

The Organization leases certain equipment and vehicles under long-term leases. The leases have various terms.

Total lease expense for the year ended August 31, 2015 was $71,608.

Future minimum lease payments due under the leases at August 31, 2015 are as follows:

2016	$	54,663
2017		32,387
2018		5,942

Note 10 – Restrictions on Net Assets

Temporarily restricted net assets at August 31, 2015 are available for the following purposes:

Available for the purpose of:		
Supplemental needs	$	59,059
Future operations		6,294
Temporarily restricted net assets	$	65,353

During the year ended August 31, 2015, net assets were released from donor restrictions by incurring expenses or by satisfying the purpose or time restrictions specified by the donors as follows:

Purpose restriction accomplished:		
Special education	$	6,967
Operations		6,067
Total restrictions released	$	13,034

Permanently restricted net assets at August 31, 2015, are restricted to investment in perpetuity, the income from which is expendable for the purpose of special education.

Note 11 – Endowment Fund

The Financial Accounting Standards Board (FASB) provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FASB also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not an organization is subject to UPMIFA.

The State of Iowa enacted UPMIFA effective July 1, 2008, the provisions of which apply to endowment funds existing on or established after that date.

The Organization's endowment consists of one donor-restricted fund. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 11 – Endowment Fund (Continued)

Management has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

As stated above, the Organization's endowment consists of one donor-restricted fund. The donor restrictions include the principal be invested in guaranteed investments that the Organization has interpreted to mean certificates of deposit. The Organization's spending policy for this endowment fund is a percentage of its average rate of all the Organization's certificates of deposit at the end of the year, which was 1.15 percent at August 31, 2015.

Endowment net asset composition by type of fund at August 31, 2015 is as follows:

		Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Assets
Donor-restricted endowment fund	$	-	-	536,381	536,381

Changes in endowment net assets for the year ended August 31, 2015 are as follows:

		Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Assets
Endowment net assets, beginning of year	$	-	-	536,381	536,381
Contributions		-	-	-	-
Investment income		-	6,168	-	13,034
Net appreciation (depreciation)		-	-	-	-
Amounts appropriated for expenditure		-	(6,168)	-	(13,034)
Endowment net assets, end of year	$	-	-	536,381	536,381

Note 12 – Concentration of Credit Risk

Cash – The Organization maintains its cash in bank demand deposit accounts at multiple financial institutions. Frequently, the balances of these cash deposits have exceeded the Federal Deposit Insurance Corporation's (FDIC) insured limit of $250,000. At August 31, 2015, excess deposits of approximately $203,052 were uninsured at one financial institution. The Organization has not experienced any losses in such accounts. It is the opinion of management that the solvency of the referenced financial institution is not of particular concern at this time.

Accounts Receivable – In the normal course of operations, the Organization extends unsecured credit to customers (including persons served, state and county agencies, and private companies), principally all of whom are located in the local four-county area served. Consequently, the Organization's ability to collect the amounts due may be affected by economic fluctuations in the geographic region. At August 31, 2015, two providers represented 85% of the total accounts receivable. Management believes the concentration of credit risk is minimal due to the nature of the receivables and the collection history of these types of accounts.

Major Customers – The Organization provides residential and vocational services on a monthly basis under agreements with state and county agencies in the State of Iowa, and private companies. Approximately 87% of residential and vocational revenue for the year ended August 31, 2015, was generated from Iowa Medicaid Enterprise. Management believes the concentration of credit risk is minimal due to the nature of the services and the relationship history of this provider.

CHRISTIAN OPPORTUNITY CENTER

Supplementary Information

August 31, 2015

CHRISTIAN OPPORTUNITY CENTER

Schedule of Functional Expenses
For the Year Ended August 31, 2015

	Program Services				Supporting Services		
	Vocational	Residential	Foundation Fund	Total	General / Admin	Fundraising	Total
Staff salaries and wages	$ 962,935	5,356,220	-	6,319,155	850,005	-	7,169,160
Group health and life insurance	79,011	660,607	-	739,618	84,940	-	824,558
Retirement plan	20,791	85,035	-	105,826	4,181	-	110,007
Retirement plan administration fees	-	-	-	-	21,502	-	21,502
Other staff benefits	1,232	12,923	-	14,155	5,066	-	19,221
Payroll taxes	53,341	408,329	-	461,670	34,892	-	496,562
Workers compensation insurance	20,131	82,404	-	102,535	3,950	-	106,485
Purchased services	-	1,458	-	1,458	1,950	-	3,408
Attorney fees	-	-	-	-	1,260	-	1,260
Audit and accounting	3,594	14,699	-	18,293	722	-	19,015
Other therapy and consulting services	1,239	72,114	-	73,353	6,106	-	79,459
Office supplies	10,289	50,935	-	61,224	29,766	-	90,990
Computer services	1,355	4,851	-	6,206	43,242	-	49,448
Medical supplies	312	71,276	-	71,588	1,473	-	73,061
Recreation and activities	275	15,410	-	15,685	-	-	15,685
Food	432	233,121	-	233,553	4,271	-	237,824
Educational and other supplies	-	771	-	771	-	-	771
Production supplies	70,648	146	-	70,794	-	-	70,794
Kitchen supplies	-	942	-	942	-	-	942
Telephone	2,898	33,965	-	36,863	5,360	-	42,223
Postage and shipping	488	115	-	603	9,305	510	10,418
Facility and equipment rent	12,792	66,367	-	79,159	5,835	-	84,994
Building and grounds maintenance	24,588	167,597	-	192,185	34,935	-	227,120
Utilities	32,396	95,073	-	127,469	12,889	-	140,358
Insurance	3,068	20,037	-	23,105	26,914	-	50,019
Advertising and printing	2,710	11,364	-	14,074	12,265	-	26,339
Vehicle and travel expenses	21,892	95,816	-	117,708	22,811	-	140,519
Staff development and training	965	10,083	-	11,048	15,934	-	26,982
Dues and subscriptions	478	879	-	1,357	25,246	-	26,603
Furnishings expense	-	29,136	-	29,136	799	-	29,935
Miscellaneous	390	3,648	4,136	8,174	17,507	-	25,681
Bad debt expense	-	-	-	-	21,038	-	21,038
Depreciation	29,952	229,304	-	259,256	64,129	-	323,385
Interest	43	25,977	-	26,020	115	-	26,135
Staff enhancement	-	-	163,500	163,500	-	-	163,500
Special education	-	-	28,381	28,381	-	-	28,381
Special trips and camps	-	-	21,979	21,979	-	-	21,979
Spiritual nurture	-	-	12,077	12,077	-	-	12,077
Scholarships	-	-	1,000	1,000	-	-	1,000
Special events	-	-	6,517	6,517	-	18,997	25,514
	$ 1,358,245	7,860,602	237,590	9,456,437	1,368,408	19,507	10,844,352

See accompanying notes to financial statements.