CHRISTIAN OPPORTUNITY CENTER

Financial Statements
Supplementary Information

August 31, 2019

CHRISTIAN OPPORTUNITY CENTER

Contents — Page(s)

TDT CPAs and Advisors

Independent Auditors' Report

To the Board of Directors of
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, 2019, 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.

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Burlington 319.753.9877 | Cedar Rapids 319.393.2374 | Centerville 641.437.4296 | Fairfield 641.472.6171 | Mt. Pleasant 319.385.9718 | Muscatine 563.264.2727 | Oskaloosa 641.672.2523 | Pella 641.628.9411 | West Des Moines 515.657.5800

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, 2019, 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.

TDT CPAs and Advisors, P.C.

West Des Moines, Iowa
November 22, 2019

CHRISTIAN OPPORTUNITY CENTER
Statement of Financial Position
August 31, 2019

Assets		
Cash	$	314,737
Accounts Receivable, net of allowance of $20,000		1,491,079
Deposits receivable		1,000
Accrued interest receivable		5,738
Pledges receivable		16,232
Prepaid expenses		34,368
Investments		5,876,384
Property and equipment, net		3,677,741
Total assets	$	11,417,279
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$	110,919
Accrued payroll payable		161,773
Payroll taxes payable		111,087
Intermediate care facility taxes payable		46,091
Accrued retirement payable		175,981
Accrued benefits payable		241,422
Other accrued liabilities		13,916
Deferred compensation payable		18,000
Notes payable		547,045
Bond payable		576,554
Total liabilities		2,002,788
Net assets:		
Net assets without donor restrictions		8,855,071
Net assets with donor restrictions		559,420
Total net assets		9,414,491
Total liabilities and net assets	$	11,417,279

See accompanying notes to financial statements.

CHRISTIAN OPPORTUNITY CENTER
Statement of Activities
For the Year Ended August 31, 2019

		Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue, gains, and other support:				
Vocational	$	550,116	-	550,116
Residential		11,330,933	-	11,330,933
Contributions		175,906	12,300	188,206
Investment income		298,774	8,478	307,252
Loss on investments		(109,154)	-	(109,154)
Loss on sale of assets		(12,619)	-	(12,619)
Net assets released from restrictions		26,512	(26,512)	-
Total revenue, gains, and other support		12,260,468	(5,734)	12,254,734
Expenses:				
Program services:				
Vocational		763,531	-	763,531
Residential		9,872,815	-	9,872,815
Foundation fund		224,743	-	224,743
Supporting services				
General and administrative		1,911,229	-	1,911,229
Fundraising		21,677	-	21,677
Total expenses		12,793,995	-	12,793,995
Increase (decrease) in net assets		(533,527)	(5,734)	(539,261)
Net assets, beginning of year		9,388,598	565,154	9,953,752
Net assets end of year	$	8,855,071	559,420	9,414,491

See accompanying notes to financial statements.

CHRISTIAN OPPORTUNITY CENTER
Schedule of Functional Expenses
For the Year Ended August 31, 2019

		Program Services				Supporting Services		
		Vocational	Residential	Foundation Fund	Total	General / Admin	Fundraising	Total
Staff salaries and wages	$	468,195	6,691,972	-	7,160,167	1,036,707	-	8,196,874
Group health and life insurance		75,741	949,288	-	1,025,029	154,190	-	1,179,219
Retirement plan		13,282	140,296	-	153,578	94,064	-	247,642
Other staff benefits		488	10,981	-	11,469	2,028	-	13,497
Payroll taxes		32,479	486,184	-	518,663	86,476	-	605,139
Workers compensation insurance		6,524	109,660	-	116,184	8,935	-	125,119
Audit and accounting		8,114	35,159	-	43,273	1,802	-	45,075
Attorney		-	460	-	460	5,127	-	5,587
Other therapy and consulting services		-	104,336	-	104,336	5,004	-	109,340
Office supplies		4,820	45,968	-	50,788	22,372	-	73,160
Computer services		574	3,632	-	4,206	61,487	-	65,693
Medical supplies		55	87,725	-	87,780	(1,836)	-	85,944
Recreation and activities		250	25,175	-	25,425	-	-	25,425
Food		124	214,211	-	214,335	8,800	-	223,135
Production supplies		29	4,698	-	4,727	-	-	4,727
Telephone		4,687	46,192	-	50,879	35,166	-	86,045
Facility and equipment rent		8,514	140,371	-	148,885	8,832	-	157,717
Building and grounds maintenance		12,020	170,903	-	182,923	46,847	-	229,770
Utilities		8,817	116,899	-	125,716	34,768	-	160,484
Insurance		869	28,177	-	29,046	21,836	-	50,882
Advertising and printing		2,941	6,603	-	9,544	25,007	-	34,551
Vehicle and travel expenses		108,742	158,515	-	267,257	38,054	-	305,311
Staff development and training		2,215	14,342	-	16,557	22,004	-	38,561
Dues and subscriptions		96	233	-	329	20,262	-	20,591
Furnishings expense		64	28,357	-	28,421	1,191	-	29,612
Miscellaneous		592	3,482	5,636	9,710	8,860	-	18,570
Bad debt expense		-	-	-	-	127,715	-	127,715
Depreciation		3,299	209,045	-	212,344	35,531	-	247,875
Interest		-	39,951	-	39,951	-	-	39,951
Staff enhancement		-	-	169,410	169,410	-	-	169,410
Special education		-	-	16,148	16,148	-	-	16,148
Special trips and camps		-	-	14,660	14,660	-	-	14,660
Spiritual nurture		-	-	13,237	13,237	-	-	13,237
Special events		-	-	5,652	5,652	-	21,677	27,329
	$	763,531	9,872,815	224,743	10,861,089	1,911,229	21,677	12,793,995

See accompanying notes to financial statements.

CHRISTIAN OPPORTUNITY CENTER
Statement of Cash Flows
For the Year Ended August 31, 2019

Cash flows from operating activities:		
Change in net assets	$	(539,261)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation		247,875
Loss on sale of assets		12,619
Loss on investments		109,154
Reinvested investment income		(307,252)
(Increase) decrease in:		
Accounts receivable		(264,631)
Other receivables		(2,115)
Prepaid expenses		11,304
Increase (decrease) in:		
Accounts payable		4,535
Accrued payroll payable		24,131
Payroll taxes payable		2,457
Intermediate care facility taxes payable		(51)
Accrued retirement payable		(1,432)
Other accrued liabilities		748
Deferred compensation payable		(56,975)
Net cash provided (used) by operating activities		(758,894)
Cash flows from investing activities:		
Proceeds from sale of property and equipment		3,750
Purchases of property and equipment		(114,284)
Proceeds from sale of investments		703,554
Net cash provided (used) by investing activities		593,020
Cash flows from financing activities:		
Principal payments on long term notes and bond payable		(97,629)
Net cash provided (used) by financing activities		(97,629)
Net decrease in cash		(263,503)
Cash, beginning of year		578,240
Cash, end of year	$	314,737
Supplementary disclosures:		
Cash paid during the year for interest	$	39,951
Noncash activity:		
Property and equipment acquired with long term notes	$	69,600

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 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.

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.

New Accounting Pronouncement - On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Christian Opportunity Center has adjusted the presentation of these statements accordingly.

Note 1 – Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation - Net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

> *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
>
> *Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions may be met by actions of the Organization and/or the passage of time.

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.

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.

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 $20,000 as of August 31, 2019.

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, 2019 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 collectible at August 31, 2019 and, accordingly, no allowance for uncollectible pledges has been recorded.

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.

Property and Equipment - Property and equipment is reported at historical cost for purchased assets or estimated fair value at the date of gift for donated assets, 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 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

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 Net Assets with Donor Restrictions 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, or if the terms of the gift or applicable law impose restrictions on the use of the income.

Note 1 - Summary of Significant Accounting Policies (Continued)

Increases in Net Assets without Donor Restrictions 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 $34,551 for the year ended August 31, 2019.

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.

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, 2019, 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 November 22, 2019, the date when the financial statements were available to be issued.

Note 2 - Investments

Investments at August 31, 2019 consist of the following:

Certificates of deposit	$	536,380
Mutual funds		5,340,004
Total	$	5,876,384

Investment income for the year ended August 31, 2019 is as follows:

Interest	$	13,554
Dividends and capital gains		293,698
Loss on investments, net		(109,154)
Total	$	198,098

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:

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.

The following table presents by level, within the fair value hierarchy, the assets at fair value as of August 31, 2019. Assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

Description		August 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	$	5,340,004	5,340,004	-	-
Total	$	5,340,004	5,340,004	-	-

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, 2018.

Note 4 - Property and Equipment

Property and equipment are stated at net book value as of August 31, 2019. 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	$	388,938	-	388,938
Buildings and improvements		8,802,853	5,650,542	3,152,311
Office equipment		1,079,491	1,076,832	2,659
Workshop equipment		228,440	227,671	769
CBE equipment		1,112	1,112	-
Residential furnishings		419,179	418,971	208
Non-residential furnishings		148,017	147,686	331
Transportation		710,737	644,879	65,858
Land improvements		302,572	242,883	59,689
Other assets		125,626	118,648	6,978
Total	$	12,206,965	8,529,224	3,677,741

Total depreciation expense for the year ended August 31, 2019 was $247,875.

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 $247,642 for the year ended August 31, 2019.

Note 6 - Deferred Compensation

In December 2013, the Organization established an unfunded nonqualified deferred compensation plan for select management level employees. 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, participants may make contributions to the plan up to legally prescribed maximums. Through August 31, 2019, there have been no participant contributions.

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

The balance of the deferred compensation plan at August 31, 2019 equaled $18,000

Note 7 - Long-term Debt

Note payables as of August 31, 2019 are as follows:

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 $53,780 at August 31, 2019.

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 $93,065 at August 31, 2019.

Note payable to Marion County Bank was obtained in November 2015 to finance the purchase of real estate in Knoxville, Iowa. Terms of the note require monthly payments of $1,507 including principal and interest at 4.125 percent per annum, with final maturity in November 2025. The note is secured by the property purchased with an approximate carrying value of $148,000. The balance of the note payable to Marion County Bank was $101,628 at August 31, 2019.

Note 7 - Long-term Debt (Continued)

Note payable to Marion County Bank was obtained in July 2016 to finance the purchase of real estate in Johnston, Iowa. Terms of the note require monthly payments of $1,507 including principal and interest at 4.125 percent per annum, with final maturity in July 2026. The note is secured by the property purchased with an approximate carrying value of $148,000. The balance of the note payable to Marion County Bank was $108,689 at August 31, 2019.

Note payable to Marion County Bank was obtained in June 2018 to finance the purchase of real estate in Oskaloosa, Iowa. Terms of the note require monthly payments of $798 including principal and interest at 4.625 percent per annum, with final maturity in June 2038. The note is secured by the property purchased with an approximate carrying value of $156,000. The balance of the note payable to Marion County Bank was $120,283 at August 31, 2019.

Note payable to Marion County Bank was obtained in August 2019 to finance the purchase of real estate in Knoxville, Iowa. Terms of the note require monthly payments of $709 including principal and interest at 4.125 percent per annum, with final maturity in August 2029. The note is secured by the property purchased with an approximate carrying value of $87,000. The balance of the note payable to Marion County Bank was $69,600 at August 31, 2019.

Bond payable as of August 31, 2019 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 $576,554 at August 31, 2019.

Maturities of the notes and bond payable for the years following August 31, 2019 are as follows:

2020	$	107,132
2021		111,165
2022		115,351
2023		119,699
2024		124,297
Thereafter		545,955
Total	$	1,123,599

Interest expense for the year ended August 31, 2019 was $39,951.

Note 8 – Bequests

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.

Note 8 – Bequests (Continued)

Amounts will be recorded when the Organization has received legal notice that the deceased's will has been declared valid, 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 Leases

The Organization leases certain equipment and vehicles under leases which expire at various dates through February 2022. Total lease expense for the year ended August 31, 2019 was $107,784.

Future minimum lease payments due under the leases at August 31, 2019 are as follows:

2020	$	105,624
2021		93,435
2022		32,051
2023		-
2024		-

Note 10 - Restrictions on Net Assets

At August 31, 2019, net assets with donor restrictions were restricted for the following purposes:

Available for the purpose of:		
Supplemental needs	$	6,817
Endowment – special education		536,381
Future operations		16,222
Net Assets with Donor Restrictions	$	559,420

During the year ended August 31, 2019, 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	$	8,153
Operations		18,359
Total restrictions released	$	26,512

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.

Note 11 - Endowment Fund (Continued)

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.

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 1.6 percent at August 31, 2019.

Endowment net asset composition by type of fund at August 31, 2019 is as follows:

		Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Endowment Net Assets
Donor-restricted endowment fund	$	-	536,381	536,381

Changes in endowment net assets for the year ended August 31, 2019 are as follows:

		Unrestricted	Net Assets with Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	$	-	536,381	536,381
Contributions		-	-	-
Investment income		-	8,153	8,153
Net appreciation (depreciation)		-	-	-
Amounts appropriated for expenditure		-	(8,153)	(8,153)
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. 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, 2019, the largest four providers represented 98% of the total accounts receivable.

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 96% of residential and vocational revenue for the year ended August 31, 2019, was generated from Title XIX Medicaid and HCBS Medicaid. Management believes the concentration of credit risk is minimal due to the nature of the services and the relationship histories of these providers.

Note 13 – Availability and Liquidity

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following represents Christian Opportunity Center's financial assets at August 31, 2019.

Financial assets at year end:	
Cash	$ 314,737
Accounts receivable	1,491,079
Accrued interest receivable	5,738
Investments	5,876,384
Pledges receivable	16,232
Total financial assets	7,704,170
Less amounts not available to be used within one year:	
Net assets with donor restrictions	559,420
Non-current maturities of CD's	336,380
	895,800
Financial assets available to meet general expenditures Over the next twelve months	$ 6,808,370