CHRISTIAN OPPORTUNITY CENTER

Financial Statements

Years Ended August 31, 2024 and 2023

FORGE
FINANCIAL & MANAGEMENT CONSULTING

CHRISTIAN OPPORTUNITY CENTER

Contents

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Independent Auditors' Report

To the Board of Directors of
Christian Opportunity Center
Pella, Iowa

Opinion

We have audited the accompanying financial statements of Christian Opportunity Center, a nonprofit organization, as of and for the years ended August 31, 2024 and 2023, which comprise the financial statements as listed in the table of contents, and the related notes to the financial statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Opportunity Center as of August 31, 2024 and 2023, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management 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.

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

FORGEAHEAD.COM 1245 JORDAN CREEK PKWY #100 WEST DES MOINES, IA 50266 515.620.3050

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Christian Opportunity Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Christian Opportunity Center's ability to continue as a going concern for a reasonable period of time.

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

Forge Financial and Management Consulting, Inc.

West Des Moines, Iowa
November 7, 2024

CHRISTIAN OPPORTUNITY CENTER
Statements of Financial Position
August 31, 2024 And 2023

Assets

		2024	2023
Cash	$	908,776	1,355,377
Accounts Receivable, net allowance of $-0- and $10,000 for August 2024 and 2023		1,062,765	1,146,574
Deposits receivable		1,000	1,000
Accrued interest receivable		26,614	46,334
Pledges receivable		3,211	16,193
Prepaid expenses		46,792	35,834
Investments		11,048,886	11,083,334
Right-of-use asset, operating		328,245	280,895
Property and equipment, net		5,582,564	4,263,518
Total assets	$	19,008,853	18,229,059

Liabilities and Net Assets

		2024	2023
Liabilities:			
Accounts payable	$	80,434	88,726
Accrued payroll payable		306,308	253,440
Payroll taxes payable		23,271	19,389
Intermediate care facility taxes payable		9,554	12,783
Accrued retirement payable		169,823	183,264
Accrued benefits payable		241,422	241,422
Other accrued liabilities		209,809	239,067
Deferred compensation payable		-	85,740
Lease liability, operating		317,982	280,895
Notes payable		542,240	633,948
Bond payable		321,822	375,004
Total liabilities		2,222,665	2,413,678
Net assets:			
Net assets without donor restrictions		16,238,743	15,255,350
Net assets with donor restrictions		547,445	560,031
Total net assets		16,786,188	15,815,381
Total liabilities and net assets	$	19,008,853	18,229,059

See accompanying notes to financial statements.

CHRISTIAN OPPORTUNITY CENTER
Statements of Activities
For the Years Ended August 31, 2024 And 2023

	2024			2023		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue, gains, and other support:						
Vocational	$ 470,611	-	470,611	516,113	-	516,113
Residential	11,264,889	-	11,264,889	11,146,596	-	11,146,596
Contributions	223,412	-	223,412	248,636	4,980	253,616
Government grants	208,800	-	208,800	543,236	-	543,236
Employee Retention Credit	-	-	-	4,485,831	-	4,485,831
Investment income	372,771	396	373,167	190,841	376	191,217
Gain on investments	944,538	-	944,538	332,413	-	332,413
Gain (loss) on sale of assets	(9,058)	-	(9,058)	281,355	-	281,355
Net assets released from restrictions	12,982	(12,982)	-	760	(760)	-
Total revenue, gains, and other support	13,488,945	(12,586)	13,476,359	17,745,781	4,596	17,750,377
Expenses:						
Program services:						
Vocational	481,680	-	481,680	531,699	-	531,699
Residential	9,405,767	-	9,405,767	9,300,247	-	9,300,247
Foundation fund	312,793	-	312,793	273,474	-	273,474
Supporting services:						
General and administrative	2,287,670	-	2,287,670	3,344,084	-	3,344,084
Fundraising	17,642	-	17,642	19,866	-	19,866
Total expenses	12,505,552	-	12,505,552	13,469,370	-	13,469,370
Increase (decrease) in net assets	983,393	(12,586)	970,807	4,276,411	4,596	4,281,007
Net assets, beginning of year	15,255,350	560,031	15,815,381	10,978,939	555,435	11,534,374
Net assets end of year	$ 16,238,743	547,445	16,786,188	15,255,350	560,031	15,815,381

See accompanying notes to financial statements.

CHRISTIAN OPPORTUNITY CENTER
Statement of Functional Expenses
For the Year Ended August 31, 2024

	Program Services				Supporting Services		
	Vocational	Residential	Foundation Fund	Total	General / Admin	Fundraising	Total
Staff salaries and wages	$ 328,622	6,622,810	-	6,951,432	1,237,172	-	8,188,604
Group health and life insurance	69,138	897,322	-	966,460	214,761	-	1,181,221
Retirement plan	6,815	133,465	-	140,280	41,554	-	181,834
Other staff benefits	570	10,619	-	11,189	1,947	-	13,136
Payroll taxes	24,161	476,242	-	500,403	94,092	-	594,495
Workers compensation insurance	5,406	105,864	-	111,270	32,960	-	144,230
Audit and accounting	-	-	-	-	74,189	-	74,189
Attorney	-	-	-	-	9,172	-	9,172
Other therapy and consulting services	34	17,368	-	17,402	8,438	-	25,840
Office supplies	3,138	34,455	-	37,593	51,936	-	89,529
Computer services	112	1,290	-	1,402	85,832	-	87,234
Medical supplies	-	38,485	-	38,485	921	-	39,406
Recreation and activities	91	24,569	-	24,660	-	-	24,660
Food	2	107,296	-	107,298	1,315	-	108,613
Telephone	3,053	21,031	-	24,084	51,979	-	76,063
Facility and equipment rent	8,270	112,844	-	121,114	33,785	-	154,899
Building and grounds maintenance	5,937	152,409	-	158,346	52,575	-	210,921
Utilities	6,835	82,306	-	89,141	37,795	-	126,936
Insurance	2,330	39,675	-	42,005	57,130	-	99,135
Advertising and printing	10	3,047	-	3,057	57,644	-	60,701
Vehicle and travel expenses	11,360	173,644	-	185,004	45,534	-	230,538
Staff development and training	2,894	7,062	-	9,956	11,941	-	21,897
Dues and subscriptions	-	258	-	258	19,657	-	19,915
Furnishings expense	-	37,242	-	37,242	7,132	-	44,374
Miscellaneous	703	70,018	30,136	100,857	3,977	-	104,834
Bad debt expense	-	-	-	-	404	-	404
Depreciation	2,199	203,528	-	205,727	53,828	-	259,555
Interest	-	32,918	-	32,918	-	-	32,918
Staff enhancement	-	-	228,549	228,549	-	-	228,549
Special education	-	-	33,451	33,451	-	-	33,451
Spiritual nurture	-	-	16,543	16,543	-	-	16,543
Special events	-	-	4,114	4,114	-	17,642	21,756
	$ 481,680	9,405,767	312,793	10,200,240	2,287,670	17,642	12,505,552

See accompanying notes to financial statements.

CHRISTIAN OPPORTUNITY CENTER
Statement of Functional Expenses
For the Year Ended August 31, 2023

	Program Services				Supporting Services		
	Vocational	Residential	Foundation Fund	Total	General / Admin	Fundraising	Total
Staff salaries and wages	$ 328,854	6,581,362	-	6,910,216	1,246,308	-	8,156,524
Group health and life insurance	66,220	722,641	-	788,861	170,062	-	958,923
Retirement plan	8,387	159,716	-	168,103	24,591	-	192,694
Other staff benefits	468	11,357	-	11,825	2,496	-	14,321
Payroll taxes	23,926	458,875	-	482,801	95,612	-	578,413
Workers compensation insurance	5,808	110,604	-	116,412	17,029	-	133,441
Audit and accounting	1,016	-	-	1,016	1,097,962	-	1,098,978
Attorney	-	-	-	-	646	-	646
Other therapy and consulting services	203	31,359	-	31,562	8,225	-	39,787
Office supplies	4,722	34,439	-	39,161	59,387	-	98,548
Computer services	92	704	-	796	70,560	-	71,356
Medical supplies	-	40,691	-	40,691	905	-	41,596
Recreation and activities	32	18,169	-	18,201	-	-	18,201
Food	366	122,928	-	123,294	4,093	-	127,387
Production supplies	27	-	-	27	-	-	27
Telephone	2,713	22,751	-	25,464	41,080	-	66,544
Facility and equipment rent	17,493	111,936	-	129,429	27,319	-	156,748
Building and grounds maintenance	4,665	203,054	-	207,719	75,605	-	283,324
Utilities	7,464	103,667	-	111,131	32,363	-	143,494
Insurance	1,982	35,899	-	37,881	51,894	-	89,775
Advertising and printing	360	42,847	-	43,207	73,083	-	116,290
Vehicle and travel expenses	52,639	132,862	-	185,501	53,391	-	238,892
Staff development and training	1,988	4,832	-	6,820	41,766	-	48,586
Dues and subscriptions	-	40	-	40	14,031	-	14,071
Furnishings expense	-	57,713	-	57,713	2,499	-	60,212
Miscellaneous	98	61,591	5,636	67,325	11,364	-	78,689
Bad debt expense	-	-	-	-	78,000	-	78,000
Depreciation	2,176	192,933	-	195,109	43,813	-	238,922
Interest	-	37,277	-	37,277	-	-	37,277
Staff enhancement	-	-	220,286	220,286	-	-	220,286
Special education	-	-	28,972	28,972	-	-	28,972
Spiritual nurture	-	-	13,558	13,558	-	-	13,558
Special events	-	-	5,022	5,022	-	19,866	24,888
	$ 531,699	9,300,247	273,474	10,105,420	3,344,084	19,866	13,469,370

See accompanying notes to financial statements.

CHRISTIAN OPPORTUNITY CENTER
Statements of Cash Flows
For the Years Ended August 31, 2024 And 2023

		2024	2023
Cash flows from operating activities:			
Change in net assets	$	970,807	4,281,007
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation		259,555	238,922
Reduction in right-of-use assets - operating		155,576	109,285
Change in operating lease liability		8,279	11,625
(Gain) loss on sale of assets		9,058	(281,355)
(Gain) loss on investments		(944,538)	(332,413)
Reinvested investment income		(298,713)	(144,096)
(Increase) decrease in:			
Accounts receivable		83,809	164,426
Other receivables		32,702	(40,861)
Prepaid expenses		(10,958)	1,679
Increase (decrease) in:			
Accounts payable		(8,292)	(94,555)
Accrued payroll payable		52,868	33,614
Payroll taxes payable		3,882	2,572
Intermediate care facility taxes payable		(3,229)	(17,217)
Accrued retirement payable		(13,441)	1,549
Operating lease liability		(174,118)	(120,910)
Other accrued liabilities		(29,258)	(36,578)
Deferred compensation payable		(85,740)	5,083
Net cash provided (used) by operating activities		8,249	3,781,777
Cash flows from investing activities:			
Proceeds from sale of property and equipment		4,700	459,182
Purchases of property and equipment		(1,592,359)	(585,414)
Proceeds from sale of investments		2,377,699	331,630
Purchase of investments		(1,100,000)	(4,189,887)
Net cash provided (used) by investing activities		(309,960)	(3,984,489)
Cash flows from financing activities:			
Principal payments on long term notes and bond payable		(144,890)	(189,742)
Net cash provided (used) by financing activities		(144,890)	(189,742)
Net increase (decrease) in cash		(446,601)	(392,454)
Cash, beginning of year		1,355,377	1,747,831
Cash, end of year	$	908,776	1,355,377
Supplementary disclosures:			
Cash paid during the year for interest	$	32,918	37,277
Noncash activity:			
Additions of right-of-use assets, operating	$	202,926	195,563
Additions of right-of-use assets, operating, Implementation of ASU 2016-02	$	-	194,617

See accompanying notes to financial statements.

CHRISTIAN OPPORTUNITY CENTER
Notes to Financial Statements
August 31, 2024 and 2023

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.

Foundation Fund - Revenues and expenses incurred by the organization for staff enhancement, spiritual services, and special education.

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.

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.

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. Other donor-imposed restrictions are perpetual in nature where the donor stipulates those resources be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities. All donor-restricted contributions where the funds are received, and the purpose of the restriction is accomplished in the same fiscal period are recorded as net assets without donor restrictions in the statement of activities.

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 is 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. Accounts receivable net of an allowance for credit losses were $1,062,765, $1,146,574, and $1,311,000 at August 31, 2024, 2023, and 2022, respectively.

On a periodic basis, management evaluates its receivables and establishes an allowance for doubtful accounts, based on a history of past write-offs, collections and reasonable and supportable forecasts. Management has estimated the allowance for bad debts to be $0 and $10,000 as of August 31, 2024 and 2023, respectively.

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, 2024 and 2023 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, 2024 and 2023, 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

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.

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 $60,701 and $116,920 for the years ended August 31, 2024 and 2023, respectively.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Revenue Recognition - The Organization's revenue is derived from services provided to patients and the terms of agreement with their healthcare provider. Revenue is recognized based on the completion of care through individual performance obligations (units of service) for each patient based on transaction prices agreed-upon with Managed Care Organizations (MCOs). Revenue for each performance obligation is recognized upon completion of each unit of service (a unit of service does not exceed one day).

Additional revenue is derived from workshop contracts. Revenue is recognized based on the redemption of cans as well as the completion of the services through individual performance obligations under contracts with outside entities. Revenue for each performance obligation is recognized upon completion of each performance obligation.

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 years ended August 31, 2024 and 2023, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Leases - The Organization has several noncancellable operating leases for equipment and vehicles. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing arrangement are changed. The Organization recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable; if the rate is not readily determinable, the Organization uses its incremental borrowing rate. The implicit rate is not readily determinable and accordingly, the Organization uses its incremental borrowing rate based on the information available at the commencement date of each lease. The Organization's incremental borrowing rate is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability, plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

Reclassifications - Certain amounts from the August 31, 2023 financial statements have been reclassified to conform with the current year presentation. These reclassifications had no effect on previously reported net assets.

Note 1 - Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement - In June 2016, the FASB issued *ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (Topic 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

The Company adopted ASC 326 and all related subsequent amendments thereto effective September 1, 2023, using the modified retrospective approach for all financial assets measured at amortized cost and off-balance sheet credit exposures. The transition adjustment of the adoption of CECL did not result in any material adjustments to net assets as of September 1, 2023, for the cumulative effect of adopting CECL, which reflects the transition adjustments noted above. Results for reporting periods beginning after September 1, 2023, are presented under CECL while prior period amounts continue to be reported in accordance with previously applicable accounting standards ("incurred loss").

Date of Management's Review - Management has evaluated events through November 7, 2024, the date when the financial statements were available to be issued.

Note 2 -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, 2024 and 2023:

		2024	2023
Financial assets at year-end:			
Cash	$	908,776	1,355,377
Accounts receivable		1,062,765	1,146,574
Deposits receivable		1,000	1,000
Accrued interest receivable		26,614	46,334
Investments		11,048,886	11,083,334
Pledges receivable		3,211	16,193
Total financial assets		13,051,252	13,648,812
Less amounts not available to be used within one year:			
Net assets with donor restrictions		547,445	560,031
Deposits receivable		1,000	1,000
		548,445	561,031
Financial assets available to meet general expenditures Over the next twelve months	$	12,502,807	13,087,781

Note 3 - Investments

Investments at August 31, 2024 and 2023 consist of the following:

		2024	2023
Certificates of deposit	$	3,241,482	4,394,637
Mutual funds		7,771,129	6,652,876
Annuities		36,275	35,821
Total	$	11,048,886	11,083,334

Investment income (loss) for the year ended August 31, 2024 and 2023 is as follows:

		2024	2023
Interest	$	198,998	7,135
Dividends and capital gains		174,169	184,082
Gain (loss) on investments, net		944,538	332,413
Total	$	1,317,705	523,630

Note 4 - Fair Value Measurement

The fair value hierarchy 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:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets without restrictions 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.

Assets are classified in their entirety based upon the lowest level of 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, 2024.

		Total	Level 1	Level 2	Level 3
Mutual funds	$	7,771,129	7,771,129	-	-

The following table presents by level, within the fair value hierarchy, the assets at fair value as of August 31, 2024.

		Total	Level 1	Level 2	Level 3
Mutual funds	$	6,652,876	6,652,876	-	-

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, 2024 and 2023.

Note 5 - Property and Equipment

Property and equipment are stated at net book values as of August 31, 2024 and 2023. The original cost, accumulated depreciation and resulting net book value, by asset group, are as follows for the year ended August 31, 2024:

Asset Group		Original Cost	Accumulated Depreciation	Net Book Value
Land	$	579,505	-	579,505
Buildings and improvements		10,101,642	6,327,688	3,773,954
Office equipment		1,100,773	1,097,728	3,045
Workshop equipment		218,878	218,876	2
CBE equipment		1,112	1,112	-
Residential furnishings		419,179	419,179	-
Non-residential furnishings		148,017	148,017	-
Transportation		859,753	638,671	221,082
Land improvements		353,356	280,125	73,231
Other assets		125,626	119,944	5,682
Construction in progress		926,063	-	926,063
Total	$	14,833,904	9,251,340	5,582,564

Total depreciation expense for the year ended August 31, 2024 was $259,555.

The original cost, accumulated depreciation and resulting net book value, by asset group, are as follows for the year ended August 31, 2023:

Asset Group		Original Cost	Accumulated Depreciation	Net Book Value
Land	$	579,505	-	579,505
Buildings and improvements		9,630,761	6,138,832	3,491,929
Office equipment		1,100,773	1,093,472	7,301
Workshop equipment		218,878	218,876	2
CBE equipment		1,112	1,112	-
Residential furnishings		419,179	419,179	-
Non-residential furnishings		148,017	148,017	-
Transportation		753,503	616,468	137,035
Land improvements		311,922	269,858	42,064
Other assets		125,626	119,944	5,682
Total	$	13,289,276	9,025,758	4,263,518

Total depreciation expense for the year ended August 31, 2023 was $238,922.

Note 6 - 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.

Note 6 - Retirement Plan (Continued)

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 $181,834 and $192,694 for the year ended August 31, 2024 and 2023.

Note 7 - 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, 2024, 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, 2024 and 2023 equaled $0 and $85,740, respectively.

Note 8 - Long-term Debt

Note payables as of August 31, 2024 and 2023 are as follows:

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 $24,331 and $41,129 at August 31, 2024 and 2023, respectively.

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 $33,297 and $49,643 at August 31, 2024 and 2023, respectively.

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 $154,000. The balance of the note payable to Marion County Bank was $97,710 and $102,595 at August 31, 2024 and 2023, respectively.

Note 8 - Long-term Debt (Continued)

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 $38,376 and $45,148 at August 31, 2024 and 2023, respectively.

Note payable to Marion County Bank was obtained in December 2019 to finance the purchase of real estate in Clive, Iowa. Terms of the note require monthly payments of $1,752 including principal and interest at 4.125 percent per annum, with final maturity in December 2029. The note is secured by the property purchased with an approximate carrying value of $172,000. The balance of the note payable to Marion County Bank was $99,331 and $115,834 at August 31, 2024 and 2023, respectively.

Note payable to Marion County Bank was obtained in August 2020 to finance the purchase of real estate in Oskaloosa, Iowa. Terms of the note require monthly payments of $1,377 including principal and interest at 4.125 percent per annum, with final maturity in August 2030. The note is secured by the property purchased with an approximate carrying value of $135,200. The balance of the note payable to Marion County Bank was $87,695 and $100,318 at August 31, 2024 and 2023, respectively.

Note payable to Marion County Bank was obtained in March 2022 to finance the purchase of real estate in Urbandale, Iowa. Terms of the note require monthly payments of $2,070 including principal and interest at 4.125 percent per annum, with final maturity in March 2032. The note is secured by the property purchased with an approximate carrying value of $271,000. The balance of the note payable to Marion County Bank was $161,500 and $179,281 at August 31, 2024 and 2023.

Bond payable as of August 31, 2024 and 2023 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 $5,314, including interest at 3.04 percent per annum through February 29, 2020. On March 1, 2020, the interest rate was adjusted to 1.90 percent per annum with monthly payments of $4,981. On March 1, 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 $321,822 and $375,004 at August 31, 2024 and 2023, respectively.

Maturities of the notes and bond payable for the years following August 31, 2024 are as follows:

2025	$	150,468
2026		143,435
2027		124,952
2028		129,658
2029		132,765
Thereafter		182,784
Total	$	864,062

Interest expense for the year ended August 31, 2024 and 2023 was $32,918 and $37,277, respectively.

Note 9 - Overpayments

During the years ended August 31, 2024 and 2023, the Organization received $189,016 and $220,152, respectively, in overpayments from Managed Care Organizations. Management believes these amounts will be repaid within one year. These overpayments are classified as other accrued liabilities on the Statement of Financial Position.

Note 10 - 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. 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 11 - Operating Leases

The Organization has copier and vehicle leases under noncancelable operating lease agreements, with monthly payments ranging from $174 to $879 under maturities through July 2028. Certain leases provide for renewal options. Since the Organization is not reasonably certain to exercise the renewal option, the optional period is not included in determining the lease term, and associated payments under these renewal options are excluded from lease payments. In addition, the Organization has short term leases under month-to-month agreements with lessors. The Organization classifies these leases as operating leases.

Lease Cost	Classification		Year Ended August 30, 2024	Year Ended August 30, 2023
Operating lease cost	Facility and equipment rent	$	159,847	120,003

The following is a schedule by year of minimum lease payments required under the leases as of August 31, 2024:

Year Ended August 31,		
2025	$	157,326
2026		102,458
2027		53,176
2028		10,288
2029		-
Total lease payments		323,248
Less: Interest		5,266
Present value of lease liabilities	$	317,982

Note 11 - Operating Leases (Continued)

The following table presents the weighted average remaining lease term and discount rate as of August 31, 2024:

	2024	**2023**
Weighted average remaining lease term (years)	2.39	2.38
Weighted average discount rate	8.62%	7.08%

Note 12 - Restrictions on Net Assets

At August 31, 2024 and 2023, net assets with donor restrictions were restricted for the following purposes:

Available for the purpose of:		**2024**	**2023**
Supplemental needs	$	8,648	8,252
Endowment – special education		536,381	536,381
Future operations		2,416	15,398
Net Assets with Donor Restrictions	$	547,445	560,031

During the year ended August 31, 2024 and 2023, 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:		**2024**	**2023**
Operations	$	12,982	7,519

Note 13 - 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 13 - 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 net assets with donor restrictions (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.

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 1.26 percent and 0.88 percent for August 31, 2024 and 2023, respectively.

Endowment net asset composition by type of fund at August 31, 2024 is as follows:

		Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Endowment Net Assets
Donor-restricted endowment fund	$	-	536,380	536,380

Changes in endowment net assets for the year ended August 31, 2024 are as follows:

		Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	$	-	536,380	536,380
Investment income		-	19,203	19,203
Amounts appropriated for expenditure		-	(19,203)	(19,203)
Endowment net assets, end of year	$	-	536,380	536,380

Note 13 - Endowment Fund (Continued)

Endowment net asset composition by type of fund at August 31, 2023 is as follows:

		Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Endowment Net Assets
Donor-restricted endowment fund	$	-	536,380	536,380

Changes in endowment net assets for the year ended August 31, 2023 are as follows:

		Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	$	-	536,380	536,380
Investment income		-	6,758	6,758
Amounts appropriated for expenditure		-	(6,758)	(6,758)
Endowment net assets, end of year	$	-	536,380	536,380

Note 14 - 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's revenue and receivables are primarily derived from third-party payors. Consequently, the Organization's ability to collect the amounts due may be affected by payment timelines and claim reviews by those payors. At August 31, 2024 and 2023, the largest two customers represented 95% and 79% 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 79% and 61% of residential and vocational revenue for the year ended August 31, 2024 and 2023, 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 15 - Employee Retention Credit

During the year ended August 31, 2023, the Organization received government assistance under the CARES Act in the form of an Employee Retention Credit (ERC). The ERC was designed to encourage entities to keep employees on their payroll despite experiencing economic hardship due to the COVID-19 pandemic. The Organization received a net amount for the ERC of $4,485,831 for the year ended August 31, 2023. These amounts are reflected on the Statements of Activities as revenue, gains, and other support.

Laws and regulations concerning the employee retention credit are complex and subject to varying interpretation. These credits may be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization’s claim to the employee retention credit, and it is not possible to determine the impact this would have on the Organization.

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