CENTER FOR COURAGE AND RENEWAL

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

CENTER FOR COURAGE AND RENEWAL

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Center for Courage and Renewal
Greenville, South Carolina

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the Center for Courage and Renewal, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center for Courage and Renewal as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Center for Courage and Renewal and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center for Courage and Renewal'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center for Courage and Renewal'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.

DCPAS, LLC dba Davis & Company CPAs

Mount Pleasant, South Carolina
February 17, 2025

CENTER FOR COURAGE AND RENEWAL
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024

		2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	550,409
Program receivables		13,052
Prepaid expenses		32,902
Investments		1,403,405
TOTAL CURRENT ASSETS		1,999,768
NON-CURRENT ASSETS		
Property and equipment, net		2,047
TOTAL NON-CURRENT ASSETS		2,047
TOTAL ASSETS	$	**2,001,815**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$	27,409
Deferred revenue		114,911
Payroll liabilities		12,138
TOTAL LIABILITIES		**154,458**
NET ASSETS		
Without donor restrictions		
Undesignated		972,394
Board designated		375,000
With donor restrictions		499,963
TOTAL NET ASSETS		**1,847,357**
TOTAL LIABILITIES AND NET ASSETS	$	**2,001,815**

CENTER FOR COURAGE AND RENEWAL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	$ 401,581	$ 15,665	$ 417,246
Grants	-	61,033	61,033
Service fees	116,575	-	116,575
Tuition	176,079	-	176,079
Investment income	121,932	-	121,932
Miscellaneous income	223	-	223
TOTAL SUPPORT AND REVENUE	816,390	76,698	893,088
NET ASSETS RELEASED FROM RESTRICTION	216,562	(216,562)	-
TOTAL SUPPORT AND REVENUE	1,032,952	(139,864)	893,088
EXPENSES			
Program expenses	732,400	-	732,400
Management and general	225,822	-	225,822
Fundraising expenses	94,929	-	94,929
TOTAL EXPENSES	1,053,151	-	1,053,151
CHANGE IN NET ASSETS	(20,199)	(139,864)	(160,063)
NET ASSETS, BEGINNING OF YEAR	1,367,593	639,827	2,007,420
NET ASSETS, END OF YEAR	$ 1,347,394	$ 499,963	$ 1,847,357

CENTER FOR COURAGE AND RENEWAL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

FUNCTIONAL EXPENSES	Program Services	Management & General	Fund-raising	Total
Salaries and related benefits	$ 472,976	$ 115,205	$ 31,247	$ 619,428
Consulting	138,092	-	44,900	182,992
Professional fees	11,352	57,648	8,401	77,400
Occupancy	54,775	14,460	-	69,235
Office	47,824	17,495	3,729	69,048
Travel and meetings	7,042	16,348	1,042	24,433
Other	190	894	5,610	6,694
Insurance	-	2,453	-	2,453
Postage and shipping	149	176	-	325
Taxes and fees	-	64	-	64
TOTAL EXPENSES BEFORE DEPRECIATION	732,400	224,742	94,929	1,052,071
Depreciation	-	1,080	-	1,080
TOTAL FUNCTIONAL EXPENSES	**$ 732,400**	**$ 225,822**	**$ 94,929**	**$ 1,053,151**

CENTER FOR COURAGE AND RENEWAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

		2024
OPERATING ACTIVITIES		
Change in net assets	$	(160,063)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation		1,080
Unrealised gain on investments		(56,485)
Interst income on investments		(26,701)
(Increase) decrease in operating assets		
Grants receivable		(12,898)
Prepaid expenses		35,250
Increase (decrease) in operating liabilities		
Accounts payable		(4,945)
Deferred revenue		24,351
Payroll liabilities		1,576
NET CASH USED IN OPERATING ACTIVITIES		(198,835)
INVESTING ACTIVITIES		
Redemption of investments		410,761
NET CASH PROVIDED BY INVESTING ACTIVITIES		410,761
NET INCREASE IN CASH AND CASH EQUIVALENTS		211,926
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		338,483
CASH AND CASH EQUIVALENTS, END OF YEAR	**$**	550,409

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Center for Courage and Renewal (the "Center") was established as an educational not-for-profit organization in 2003 in the State of Washington to develop and deliver Courage To Teach (CTT), Courage To Lead (CTL), and other Courage and Renewal and Circle of Trust programs and retreats. The Center has prepared over 400 facilitators through the Courage and Renewal Facilitator Preparation Program (FPP). These facilitators, based in the United States, Canada, Guatemala, Australia, New Zealand, Europe, and South Africa, have led in-person and online programs for thousands of K-12 teachers, leaders, clergy, health care, non-profit professionals and others around the world.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve. Board designated net assets are included within investments on the statements of financial position.

Net Assets With Donor Restrictions

Net assets with donor restrictions are Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Center reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. There were no perpetually restricted net assets at June 30, 2024.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Center considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At June 30, 2024, cash and cash equivalents consist of checking, savings and money market accounts. The Center maintains certain cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year.

Accounts Receivable

Accounts receivable consist of amounts due for various services provided. All account balances are due in less than one year. No allowance for uncollectable balances has been established by management based on the Center's historical experience in the collection of balances due.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges/Program Receivables

Pledges/Program receivables are recognized in the period the pledge is received and consist of outstanding promises to give from a variety of individuals and foundations. Pledges/Program receivable that are expected to be collected in more than one year have not been discounted to the present value of estimated cash flows based on the Center's determination that the discount would not be material to the financial statements. No allowance for uncollectable balances has been established by management based on the Center's historical experience in the collection of balances due.

Property and Equipment

Equipment is carried at cost if purchased, or at fair value if donated. The Center follows a policy whereby it capitalizes purchases of property and equipment with a value in excess of $2,500 and a useful life of three years or more. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which is expected to be five to ten years.

Revenue Recognition

Revenue is recognized when earned. Contributions and grants are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Revenue from tuition and consulting fees are recognized when control of these services is transferred to its customers, in the amount that reflects the consideration the Center expects to be entitled to in exchange for the services provided. Amounts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Revenue from performance obligations satisfied over time consists of tuition and consulting and membership fees. For related performance obligations, control transfers to the customer over a period of time. Payment is typically due in full when the customer registers for a class or enters into a consulting contract or signs up for an annual membership. The contract does not have a significant financing component, and the consideration amount is not variable. The Center records revenue ratably over the length of the course, contract or membership period.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Center. Those expenses include employee compensation, consulting, event venues, travel, technology services, rent, and utilities, and other various expenses. Direct costs associated with major programs are allocated to such program functions, and indirect costs are allocated to supporting functions based on estimates of time and effort of employees and/ or estimates of time and costs of specific technology or services utilized.

Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization other than a private foundation under Section 509(a)(1). Management is not aware of any uncertain tax positions taken.

Recently Adopted Accounting Pronouncements

Effective January 1, 2023, the Center adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to certain financial assets. The Center adopted ASC 326 using the modified retrospective method. Financial assets held by the Center that are subject to ASU 2016-13 include contributions receivables. The adoption of this ASU did not have any impact on the Center's financial statements but did change how the allowance for credit losses is determined.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets are available for general expenditures, that are without donor or other restrictions limiting their use within one year of the Statement of Financial Position and are comprise of the following at June 30, 2024:

		2024
Financial Assets		
Cash and cash equivalents	$	550,409
Pledges		13,052
Investments		1,403,405
Total financial assets		1,966,866
Less those unavailable for general expenditures within one year:		
Restricted by donors		(499,963)
Designated by the Board for reserves		(375,000)
Financial assets available within one year	**$**	1,091,903

The Center's financial assets have seasonal variations during the year attributed to the timing of receipt of grant payments, tuition payments, and pledge payments. The Center has an operating reserve that the governing board has dedicated with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need. Distress or a liquidity need could result from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

The Board of Directors reviews a cash flow report monthly that tracks both restricted and unrestricted balances and matches those flows against the Center's obligations and encumbrances. The Center's priorities are to ensure 100% coverage of restricted balance obligations; 100% coverage of liabilities; and an operating Board reserve of up to $375,000 for emergency needs.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of computers and peripherals as of June 30, 2024. Depreciation expense for the year ended June 30, 2024 is $1,080.

NOTE 4 – PROGRAM RECEIVABLES

Program receivables consist of the following at June 30, 2024:

		2024
Due in one year or less	$	13,052
TOTAL	$	13,052

NOTE 5 – NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions are restricted as follows at June 30, 2024:

		2024
Lilly (Thriving in Ministry)	$	377,869
McFarland Fund GBHEM -		119,483
YCI		2,611
TOTAL	$	499,963

NOTE 6 – TUITION AND RELATED FEES REVENUE

Tuition and related fees revenue consist of the following for the year ended June 30, 2024:

		2024
Tuition and fees	$	239,242
Less: scholarships paid		(63,163)
TOTAL	$	176,079

NOTE 7 - RETIREMENT PLAN

The Center for Courage and Renewal uses a SIMPLE IRA (the Plan) covering all employees with at least one year of service and who have attained 21 years of age. Employee contributions to the Plan are 100% invested at all times. The Center makes a discretionary contribution to the Plan each year up to 3% of all participants' compensation and is vested in increments based on years of service with the Center. Employer contributions to the Plan totaled $10,663 for the year ended June 30, 2024.

NOTE 8 - CONCENTRATIONS

For the year ended June 30, 2024, 48% of total contributions was from one grantor. At June 30, 2024, 16% of total program receivable was from one grantor.

NOTE 9 - INVESTMENTS

Investments held by the Center are cash and cash equivalents and Exchange traded funds. Investments consisted of the following as of June 30, 2024:

	2024	
	Cost	**Market Value**
Cash and cash investments	$ 3,084	$ 3,084
Fixed income	871,000	832,865
Exchange traded funds	510,937	567,456
TOTAL	$ 1,385,021	$ 1,403,405

Expenses related to investment income include custodial fees which amounted to $3,750 for the fiscal year ended June 30, 2024 and are reported net of return on investments.

ASC 820 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities
Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)
Level 3: Significant unobservable inputs (including the Shelter's own assumptions in determining the fair value of investments)

For the year ended June 30, 2024, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

- *Money market:* The fair value of investments money market funds that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs- market approach).
- *Exchange traded funds:* Fair values of U.S. Government and corporate securities reflect closing prices reported in the statements. (Level 1 inputs -market approach).

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated the effect subsequent events would have on the financial statements of the Center at June 30, 2024 through January XX, 2025, which is the date the financial statements were available to issue. Based upon this evaluation, no adjustments or additional disclosures were provided in these financial statements.