

CENTER FOR COURAGE & RENEWAL

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

CENTER FOR COURAGE & RENEWAL

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Center for Courage & Renewal (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2022, 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 & Renewal as of June 30, 2022, 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. 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 & 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 & Renewal's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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To the Board of Directors
Center for Courage & Renewal
November 30, 2022

Auditor's 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 generally accepted auditing standards, 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 & 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 & 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.

McKinley, Cooper & Co., LLC

Greenville, South Carolina
November 30, 2022

CENTER FOR COURAGE & RENEWAL

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Current Assets

Cash and cash equivalents	\$ 693,906
Pledges receivable	5,600
Prepaid expenses	25,393
Investments	<u>1,125,968</u>
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Total current assets	1,850,867

Fixed assets, net of accumulated depreciation

TOTAL ASSETS \$ 1,850,867

LIABILITIES

Accounts payable	\$ 64,185
Deferred revenue	10,175
Payroll liabilities	<u>9,511</u>
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TOTAL LIABILITIES

83,871

NET ASSETS

Without donor restrictions	825,350
Undesignated	250,000
Board designated	<u>1,075,350</u>
	<hr/>
With donor restrictions	691,646
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TOTAL NET ASSETS

1,766,996

TOTAL LIABILITIES AND NET ASSETS

\$ 1,850,867

The accompanying notes are an integral part of these financial statements.

CENTER FOR COURAGE & RENEWAL

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 273,422	\$ 50,213	\$ 323,635
Royalties	660	-	660
Services fees	110,159	-	110,159
Tuition	101,946	-	101,946
PPP loan	43,847	-	43,847
Investment income	910	-	910
Net asset releases:			
Satisfaction of purpose requirements	315,884	(315,884)	-
Satisfaction of time requirements	5,000	(5,000)	-
Total Revenues and Other Support	851,828	(270,671)	581,157
EXPENSES			
Program services	726,278	-	726,278
Management & general	46,931	-	46,931
Fundraising	40,392	-	40,392
Total Expenses	813,601	-	813,601
CHANGE IN NET ASSETS	38,227	(270,671)	(232,444)
NET ASSETS, beginning of the year	1,037,123	962,317	1,999,440
NET ASSETS, end of year	\$ 1,075,350	\$ 691,646	\$ 1,766,996

CENTER FOR COURAGE & RENEWAL

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services	Management & General		Fundraising	Total
Salaries	\$ 328,864	\$ 19,453		\$ 18,719	\$ 367,036
Payroll taxes	21,779		1,288	1,240	24,307
Bank and credit card fees	6,596		450	705	7,751
Advertising	1,481		101	158	1,740
Contract labor	194,115		11,482	11,049	216,646
Taxes and licenses	-		62	-	62
Depreciation	1,205		81	-	1,286
Grants paid out	17,756		1,194	-	18,950
Insurance	-		3,958	-	3,958
Postage and printing	1,897		1,367	13	3,277
Professional fees	96,105		5,685	5,470	107,260
Supplies	3,889		265	416	4,570
Telephone and internet	4,903		334	524	5,762
Travel and entertainment	46,669		1,143	2,097	49,909
Miscellaneous	1,019		68	-	1,087
	<u>\$ 726,278</u>	<u>\$ 46,931</u>		<u>\$ 40,392</u>	<u>\$ 813,601</u>

The accompanying notes are an integral part of these financial statements.

CENTER FOR COURAGE & RENEWAL

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

(Decrease) in net assets	\$ (232,444)
Adjustment to reconcile change in net assets	
+ to net cash provided by operating activities	
Depreciation	1,286
Investments	(1,232,625)
Increase in accounts receivable and other receivables	507,067
Decrease in accounts payable	(19,568)
Deferred revenue	(33,910)
Accrued payroll	(7,516)
	<hr/>
Net Cash (Used in) Operating Activities	(1,017,710)
	<hr/>

CASH FLOWS FROM FINANCING ACTIVITIES

PPP loan	<hr/> 43,847
Net Cash Provided By Operating Activities	<hr/>43,847
NET (DECREASE) IN CASH	(973,863)
CASH AND CASH EQUIVALENTS, beginning	<hr/>1,667,769
CASH AND CASH EQUIVALENTS, ending	\$ <hr/>693,906

The accompanying notes are an integral part of these financial statements.

CENTER FOR COURAGE & RENEWAL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Center for Courage & 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 & Renewal and Circle of Trust programs and retreats. The Center has prepared over 300 facilitators through the Courage & 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 and Presentation

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 Without Donor Restrictions - 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 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, 2022.

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, 2022, cash and cash equivalents consist of checking and savings accounts. The Center maintains certain cash and cash equivalents consist of in bank accounts that may exceed federally insured limits at times during the year. The Center has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

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.

Pledges Receivable

Pledges receivable are recognized in the period the pledge is received and consist of outstanding promises to give from a variety of individuals and foundations. Pledges 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.

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 \$1,000 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 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 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.

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.

Subsequent Events

Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at June 30:

Financial Assets	2022
Cash and cash equivalents	\$ 693,906
Pledges	5,600
Investments	1,125,969
Total financial assets	1,825,475
Less those unavailable for general expenditures within one year:	
Receivable balances to be collected after one year	(5,000)
Restricted by donors	(691,341)
Designated by the board for reserves	(250,000)
Financial assets available within one year	\$ 879,134

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 \$250,000 for emergency needs.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consists of the following at June 30:

	2022
Due in one year or less	\$ 5,600
Due in one to five years	-
Total	\$ 5,600

NOTE 4 – FORGIVEABLE NOTE PAYABLE

The Center received a second round \$43,847 Paycheck Protection loan through the Small Business Administration as part of the CARES Act in February 2021. This loan allows for forgiveness of the obligation at the end of the note term if certain conditions are met. The note bears interest at 1% and if conditions are not met, matures in February 2026. The loan was subsequently fully forgiven in November 2021 and as such is recorded as revenue on the statement of activities.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTION

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

	2022
Educational programs	\$ 686,646
Time restricted	5,000
Total	\$ 691,646

NOTE 6 – TUITION AND RELATED FEES REVENUE

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

	2022
Tuition and fees	\$ 121,317
Less financial aid	(19,371)
Total	\$ 101,946

NOTE 7 – RETIREMENT PLAN

The Center for Courage & 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 contributions 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 \$5,364 for the year ended June 30, 2022.

NOTE 8 - CONCENTRATIONS

For the year ended June 30, 2022, 34% of total support and revenue was from one grantor.

At June 30, 2022, 89%, of total pledges receivable was due from one grantor.