

CENTER FOR COURAGE & RENEWAL

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2021 AND 2020



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Center for Courage & Renewal (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditor's 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Courage & Renewal as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Jones & Associates PLLC, CPAs".

Jones & Associates PLLC, CPAs
December 21, 2021

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CENTER FOR COURAGE & RENEWAL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,667,769	\$ 1,690,020
Accounts receivable	2,667	11,695
Pledges receivable	510,000	10,000
Prepaid expenses	6,126	3,960
Total current assets	<u>2,186,562</u>	<u>1,715,675</u>
 Pledges receivable, noncurrent	 -	 10,000
Equipment, net	<u>1,285</u>	<u>1,285</u>
	<u><u>\$ 2,187,847</u></u>	<u><u>\$ 1,726,960</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 71,565	\$ 9,533
Accrued payroll	17,027	10,754
Fiscal agency payable	12,188	13,488
Deferred revenue, current	44,085	53,060
Forgivable note payable	43,847	37,380
Total current liabilities	<u>188,712</u>	<u>124,215</u>
 Deferred revenue	 -	 11,167
Total liabilities	<u>188,712</u>	<u>135,382</u>
 NET ASSETS		
Without donor restrictions		
Undesignated	787,123	780,629
Board designated	250,000	100,000
	<u>1,037,123</u>	<u>880,629</u>
With donor restrictions	962,012	710,949
	<u>1,999,135</u>	<u>1,591,578</u>
	<u><u>\$ 2,187,847</u></u>	<u><u>\$ 1,726,960</u></u>

CENTER FOR COURAGE & RENEWAL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 446,439	\$ 500,000	\$ 946,439
Government grants	37,380	-	37,380
Consulting fees	67,142	-	67,142
Tuition and related fees, net	36,116	-	36,116
Interest income	980	-	980
Other income	5,812	-	5,812
	<u>593,869</u>	<u>500,000</u>	<u>1,093,869</u>
Net asset releases:			
Satisfaction of purpose requirements	238,937	(238,937)	-
Satisfaction of time requirements	10,000	(10,000)	-
	<u>248,937</u>	<u>(248,937)</u>	<u>-</u>
 Total support and revenue	 <u>842,806</u>	 <u>251,063</u>	 <u>1,093,869</u>
EXPENSES			
Program	604,739	-	604,739
Management and general	39,010	-	39,010
Fundraising	42,563	-	42,563
Total expenses	<u>686,312</u>	<u>-</u>	<u>686,312</u>
 CHANGE IN NET ASSETS	 156,494	 251,063	 407,557
NET ASSETS			
Beginning of the year	<u>880,629</u>	<u>710,949</u>	<u>1,591,578</u>
End of the year	<u>\$ 1,037,123</u>	<u>\$ 962,012</u>	<u>\$ 1,999,135</u>

**CENTER FOR COURAGE & RENEWAL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 364,212	\$ 8,250	\$ 372,462
Consulting fees	65,140	-	65,140
Tuition and related fees, net	98,496	-	98,496
Interest income	15,294	-	15,294
Other income	3,122	-	3,122
	<u>546,264</u>	<u>8,250</u>	<u>554,514</u>
Net asset releases:			
Satisfaction of purpose requirements	252,958	(252,958)	-
Satisfaction of time requirements	121,275	(121,275)	-
	<u>374,233</u>	<u>(374,233)</u>	<u>-</u>
 Total support and revenue	 <u>920,497</u>	 <u>(365,983)</u>	 <u>554,514</u>
 EXPENSES			
Program	443,544	-	443,544
Management and general	180,486	-	180,486
Fundraising	20,427	-	20,427
Total expenses	<u>644,457</u>	<u>-</u>	<u>644,457</u>
 CHANGE IN NET ASSETS	 276,040	 (365,983)	 (89,943)
 NET ASSETS			
Beginning of the year	<u>604,589</u>	<u>1,076,932</u>	<u>1,681,521</u>
End of the year	<u>\$ 880,629</u>	<u>\$ 710,949</u>	<u>\$ 1,591,578</u>

CENTER FOR COURAGE & RENEWAL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program				Support Services		
	Training	FPP	Sector Programs	Total Program	Management and General	Fundraising	Total
Salaries and related	\$ 15,717	\$ 144,787	\$ 103,668	\$ 264,172	\$ 20,305	\$ 20,399	\$ 304,876
Consulting	37,041	42,422	183,000	262,463	1,000	9,542	273,005
Professional fees	5,481	25,306	27,498	58,285	9,723	8,388	76,396
Office	2,342	2,413	6,141	10,896	2,424	2,392	15,712
Other	298	2,410	4,112	6,820	1,577	819	9,216
Postage and shipping	-	-	1,903	1,903	501	1,023	3,427
Insurance	-	-	-	-	3,316	-	3,316
Travel and meetings	-	200	-	200	-	-	200
Taxes and fees	-	-	-	-	164	-	164
Total expenses	60,879	217,538	326,322	604,739	39,010	42,563	686,312
Financial aid expenses	-	-	13,217	13,217	-	-	13,217
Total functional expenses	<u>\$ 60,879</u>	<u>\$ 217,538</u>	<u>\$ 339,539</u>	<u>\$ 617,956</u>	<u>\$ 39,010</u>	<u>\$ 42,563</u>	<u>\$ 699,529</u>

See accompanying notes to the financial statements.

CENTER FOR COURAGE & RENEWAL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program					Support Services		
	Clergy	FPP	Leadership	Health Care	Total Program	Management and General	Fundraising	Total
Salaries and related	\$ 81,781	\$ 8,460	\$ 16,920	\$ 5,640	\$ 112,801	\$ 93,658	\$ 14,100	\$ 220,559
Consulting	77,629	55,367	75,650	10,955	219,601	20,738	118	240,457
Professional fees	32,613	3,374	6,748	2,249	44,984	37,350	5,622	87,956
Office	5,713	39	1,405	-	7,157	8,419	-	15,576
Other	-	40	-	-	40	2,492	-	2,532
Postage and shipping	49	-	33	-	82	1,388	-	1,470
Insurance	-	-	-	-	-	3,116	-	3,116
Travel and meetings	27,858	1,612	29,409	-	58,879	9,543	587	69,009
Taxes and fees	-	-	-	-	-	3,782	-	3,782
Total expenses	225,643	68,892	130,165	18,844	443,544	180,486	20,427	644,457
Financial aid expenses	-	-	1,750	-	1,750	-	-	1,750
Total functional expenses	<u>\$ 225,643</u>	<u>\$ 68,892</u>	<u>\$ 131,915</u>	<u>\$ 18,844</u>	<u>\$ 445,294</u>	<u>\$ 180,486</u>	<u>\$ 20,427</u>	<u>\$ 646,207</u>

See accompanying notes to the financial statements.

CENTER FOR COURAGE & RENEWAL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and grants	\$ 456,439	\$ 396,950
Cash received from tuition, fees and other sources	97,956	142,581
Cash received from interest and dividends	980	15,294
Cash paid to employees and suppliers	(621,473)	(687,354)
	<u>(66,098)</u>	<u>(132,529)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from forgivable note payable	43,847	37,380
	<u>43,847</u>	<u>37,380</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 (22,251)	 (95,149)
CASH AND CASH EQUIVALENTS		
Beginning of the year	1,690,020	1,785,169
End of the year	<u>\$ 1,667,769</u>	<u>\$ 1,690,020</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES		
Gain on forgiveness of notes payable	<u>\$ 37,380</u>	<u>\$ -</u>

CENTER FOR COURAGE & RENEWAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – The Center for Courage & Renewal (CCR or 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. CCR 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 restriction. There were no perpetually restricted net assets at June 30, 2021 and 2020.

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, 2021 and 2020, cash and cash equivalents consist of checking and savings accounts. The Center maintains certain cash and cash equivalents 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 uncollectible balances has been established by management based on the Center's historical experience in the collection of balances due.

CENTER FOR COURAGE & RENEWAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

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 uncollectible 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 an 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 Recognition (continued) – 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).

CENTER FOR COURAGE & RENEWAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

Subsequent Events – Subsequent events were evaluated through December 21, 2021, 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	2021	2020
Cash and cash equivalents	\$ 1,667,769	\$ 1,690,020
Accounts receivable	2,667	11,695
Pledges receivable	510,000	20,000
Total financial assets	2,180,436	1,721,715
Less those unavailable for general expenditures within one year:		
Receivable balances to be collected after one year	-	(10,000)
Restricted by donors	(952,012)	(690,949)
Designated by the board for reserves	(250,000)	(100,000)
Financial assets available within one year	<u>\$ 978,424</u>	<u>\$ 920,766</u>

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:

	2021	2020
Due in one year or less	\$ 510,000	\$ 10,000
Due in one to five years	-	10,000
	<u>\$ 510,000</u>	<u>\$ 20,000</u>

CENTER FOR COURAGE & RENEWAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 4 – Forgivable Note Payable

The Center received a \$ 37,380 Paycheck Protection Program loan through the Small Business Administration as part of the CARES Act in April 2020. 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 April 2022. The loan was fully forgiven in the year ended June 30, 2021 and recognized as a grant on the Statement of Activities.

The Center received a second round \$43,847 Paycheck Protection Program 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 a current liability on the statement of financial position.

Note 5 – Net Assets With Donor Restrictions

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

	2021	2020
Educational programs	\$ 965,912	\$ 690,949
Time restricted	10,000	20,000
	<u>\$ 975,912</u>	<u>\$ 710,949</u>

Note 6 – Tuition and Related Fees Revenue

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

	2021	2020
Tuition and fees	\$ 49,333	\$ 100,246
Less financial aid	(13,217)	(1,750)
	<u>\$ 36,116</u>	<u>\$ 98,496</u>

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% vested 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 \$5,174 and \$4,011 for the years ended June 30, 2021 and 2020, respectively.

CENTER FOR COURAGE & RENEWAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 8 – Concentrations

For the years ended June 30, 2021 and 2020, 46% and 45% of total support and revenue was from one grantor, respectively.

At June 30, 2021 and 2020, 98% and 100% of total pledges receivable was due from one grantor, respectively.

Note 9 – Risks and Uncertainties

In December 2019, a novel strain of coronavirus (COVID-19) was first reported. On March 11, 2020, the World Health Organization declared the outbreak to be a global pandemic. The extent of the impact of COVID-19 on the Center's operations will depend on certain developments, including the duration and spread of the outbreak and the impact to donors and employees, all of which are uncertain and cannot be determined. Employees had been transitioning to a virtual office environment prior to COVID-19, which resulted in fewer workplace disruptions overall. The Center has also been able to successfully transition most of its programming online.