

**FRANCONIA MENNONITE CONFERENCE
AND FRANCONIA MENNONITE BOARD OF
MISSIONS AND CHARITIES
T/A FMC PROPERTIES**

Audited Combined Financial Statements

**For The Years Ended
January 31, 2017 and 2016**

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INDEPENDENT AUDITOR'S REPORT

Conference Board
Franconia Mennonite Conference and
Franconia Mennonite Board of Missions and Charities
T/A FMC Properties

We have audited the accompanying combined financial statements of Franconia Mennonite Conference (a nonprofit organization) and Franconia Mennonite Board of Missions and Charities T/A FMC Properties (a nonprofit organization), which comprise the combined statements of financial position as of January 31, 2017 and 2016, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined 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 audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Franconia Mennonite Conference and Franconia Mennonite Board of Missions and Charities T/A FMC Properties as of January 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

August 31, 2017


DETWEILER, HERSHEY & ASSOCIATES, P.C.
Certified Public Accountants

FRANCONIA MENNONITE CONFERENCE
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES
Combined Statements of Financial Position
January 31, 2017 and 2016

	2017			
	<u>Franconia</u> <u>Mennonite</u> <u>Conference</u>	<u>FMC</u> <u>Properties</u>	<u>Eliminations</u>	<u>Totals</u>
<u>Assets</u>				
Current Assets:				
Cash	\$ 33,869	\$ 81,907	\$ --	\$ 115,776
Cash Held for Others	84,075	2,389	--	86,464
Accounts and Rent Receivable	57,616	728	(4,325)	54,019
Prepaid Expenses	10,926	46,629	--	57,555
Current Portion of Loans Receivable	--	15,000	--	15,000
Total Current Assets	186,486	146,653	(4,325)	328,814
Property and Equipment, Net of Accumulated Depreciation	52,204	3,948,581	--	4,000,785
Other Assets:				
Investments	666,799	636,942	--	1,303,741
Loans Receivable	--	--	--	--
Church Buildings	--	50,014	--	50,014
Total Other Assets	666,799	686,956	--	1,353,755
Total Assets	\$ 905,489	\$ 4,782,190	\$ (4,325)	\$ 5,683,354
 <u>Liabilities and Net Assets</u>				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 6,445	\$ 6,738	\$ (4,325)	\$ 8,858
Accrued Wages and Payroll Taxes	18,687	--	--	18,687
Agency Funds	34,439	--	--	34,439
Security Deposit	--	2,389	--	2,389
Total Current Liabilities	59,571	9,127	(4,325)	64,373
Net Assets:				
Unrestricted	475,666	4,773,063	--	5,248,729
Temporarily Restricted	370,252	--	--	370,252
Total Net Assets	845,918	4,773,063	--	5,618,981
Total Liabilities and Net Assets	\$ 905,489	\$ 4,782,190	\$ (4,325)	\$ 5,683,354

The accompanying notes are an integral part of the combined financial statements.

2016

<u>Franconia Mennonite Conference</u>	<u>FMC Properties</u>	<u>Eliminations</u>	<u>Totals</u>
\$ 31,473	\$ 87,702	\$ --	\$ 119,175
141,838	16,264	--	158,102
43,464	6,102	(3,602)	45,964
10,401	35,659	--	46,060
--	7,514	--	7,514
<u>227,176</u>	<u>153,241</u>	<u>(3,602)</u>	<u>376,815</u>
<u>61,067</u>	<u>4,104,842</u>	<u>--</u>	<u>4,165,909</u>
406,225	424,935	--	831,160
--	45,723	--	45,723
--	67,475	--	67,475
<u>406,225</u>	<u>538,133</u>	<u>--</u>	<u>944,358</u>
<u>\$ 694,468</u>	<u>\$ 4,796,216</u>	<u>\$ (3,602)</u>	<u>\$ 5,487,082</u>
\$ 2,424	\$ 24,250	\$ (3,602)	\$ 23,072
7,874	--	--	7,874
125,160	--	--	125,160
--	16,264	--	16,264
<u>135,458</u>	<u>40,514</u>	<u>(3,602)</u>	<u>172,370</u>
270,696	4,755,702	--	5,026,398
288,314	--	--	288,314
<u>559,010</u>	<u>4,755,702</u>	<u>--</u>	<u>5,314,712</u>
<u>\$ 694,468</u>	<u>\$ 4,796,216</u>	<u>\$ (3,602)</u>	<u>\$ 5,487,082</u>

**FRANCONIA MENNONITE CONFERENCE and
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**
Combined Statements of Activities
For the Years Ended January 31, 2017 and 2016

	2017				
	Franconia Mennonite Conference			FMC	Combined
	Unrestricted	Temporarily Restricted	Total	Properties Unrestricted	
Revenue, Gains and Other Support:					
Contributions - Congregations	\$ 383,799	\$ --	\$ 383,799	\$ --	\$ 383,799
Contributions - Other	216,318	131,388	347,706	--	347,706
FMC School for Leadership Formation	--	--	--	--	--
Rental and Maintenance Income	12,100	--	12,100	1,058,199	1,070,299
Management Fee/Contribution	350,004	--	350,004	--	350,004
Investment Income	15,601	28,764	44,365	1,244	45,609
Miscellaneous Income	1,255	--	1,255	85,809	87,064
Net Assets Released from Restrictions:					
Satisfaction of Program Restrictions	78,214	(78,214)	--	--	--
Total Revenue, Gains and Other Support	<u>1,057,291</u>	<u>81,938</u>	<u>1,139,229</u>	<u>1,145,252</u>	<u>2,284,481</u>
Expenses and Losses:					
Program Services:					
Ministerial Leadership	17,837	--	17,837	--	17,837
FMC School for Leadership Formation	46,055	--	46,055	--	46,055
Global Missional Partnerships	18,016	--	18,016	--	18,016
LEAD Ministries	357,472	--	357,472	--	357,472
Leadership Cultivation	22,031	--	22,031	--	22,031
Collaborative Ministries	44,109	--	44,109	--	44,109
Conference Assembly	32,147	--	32,147	--	32,147
Communications	30,150	--	30,150	--	30,150
Ministerial Retirement Fund	35,205	--	35,205	--	35,205
Missions Operational Grants	36,175	--	36,175	--	36,175
Miscellaneous Program Services	--	--	--	--	--
New Missional Initiatives	40,896	--	40,896	--	40,896
Total Program Services	<u>680,093</u>	<u>--</u>	<u>680,093</u>	<u>--</u>	<u>680,093</u>
Supporting Services:					
Conference Board	32,102	--	32,102	--	32,102
Executive Committee	47,481	--	47,481	--	47,481
Ministerial Committee	13,438	--	13,438	--	13,438
Finance Committee	60,017	--	60,017	--	60,017
Conference Office	19,190	--	19,190	--	19,190
Property Expense	--	--	--	687,632	687,632
Contribution/Transfer	--	--	--	440,259	440,259
Total Supporting Services	<u>172,228</u>	<u>--</u>	<u>172,228</u>	<u>1,127,891</u>	<u>1,300,119</u>
Total Expenses and Losses	<u>852,321</u>	<u>--</u>	<u>852,321</u>	<u>1,127,891</u>	<u>1,980,212</u>
Change in Net Assets	204,970	81,938	286,908	17,361	304,269
Net Assets at Beginning of Year	<u>270,696</u>	<u>288,314</u>	<u>559,010</u>	<u>4,755,702</u>	<u>5,314,712</u>
Net Assets at End of Year	<u>\$ 475,666</u>	<u>\$ 370,252</u>	<u>\$ 845,918</u>	<u>\$4,773,063</u>	<u>\$5,618,981</u>

The accompanying notes are an integral part of the combined financial statements.

2017		2016						
		Franconia Mennonite Conference			FMC			
		Temporarily			Properties	Combined		
<u>Eliminations</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Eliminations</u>	<u>Total</u>
\$ --	\$ 383,799	\$ 391,945	\$ --	\$391,945	\$ --	\$ 391,945	\$ --	\$ 391,945
(90,255)	257,451	56,629	45,222	101,851	--	101,851	(10,000)	91,851
--	--	5,254	--	5,254	--	5,254	--	5,254
--	1,070,299	15,600	--	15,600	1,083,706	1,099,306	--	1,099,306
(350,004)	--	348,000	--	348,000	--	348,000	(348,000)	--
--	45,609	(888)	(14,920)	(15,808)	513	(15,295)	--	(15,295)
--	87,064	1,523	--	1,523	--	1,523	--	1,523
--	--	118,144	(118,144)	--	--	--	--	--
<u>(440,259)</u>	<u>1,844,222</u>	<u>936,207</u>	<u>(87,842)</u>	<u>848,365</u>	<u>1,084,219</u>	<u>1,932,584</u>	<u>(358,000)</u>	<u>1,574,584</u>
--	17,837	10,452	--	10,452	--	10,452	--	10,452
--	46,055	46,797	--	46,797	--	46,797	--	46,797
--	18,016	20,826	--	20,826	--	20,826	--	20,826
--	357,472	319,886	--	319,886	--	319,886	--	319,886
--	22,031	15,259	--	15,259	--	15,259	--	15,259
--	44,109	34,575	--	34,575	--	34,575	--	34,575
--	32,147	36,653	--	36,653	--	36,653	--	36,653
--	30,150	52,083	--	52,083	--	52,083	--	52,083
--	35,205	38,180	--	38,180	--	38,180	--	38,180
--	36,175	40,520	--	40,520	--	40,520	--	40,520
--	--	14,461	--	14,461	--	14,461	--	14,461
--	40,896	60,548	--	60,548	--	60,548	--	60,548
--	680,093	690,240	--	690,240	--	690,240	--	690,240
--	32,102	35,989	--	35,989	--	35,989	--	35,989
--	47,481	48,892	--	48,892	--	48,892	--	48,892
--	13,438	6,900	--	6,900	--	6,900	--	6,900
--	60,017	57,154	--	57,154	--	57,154	--	57,154
--	19,190	22,954	--	22,954	--	22,954	--	22,954
--	687,632	--	--	--	703,699	703,699	--	703,699
(440,259)	--	--	--	--	358,000	358,000	(358,000)	--
<u>(440,259)</u>	<u>859,860</u>	<u>171,889</u>	<u>--</u>	<u>171,889</u>	<u>1,061,699</u>	<u>1,233,588</u>	<u>(358,000)</u>	<u>875,588</u>
<u>(440,259)</u>	<u>1,539,953</u>	<u>862,129</u>	<u>--</u>	<u>862,129</u>	<u>1,061,699</u>	<u>1,923,828</u>	<u>(358,000)</u>	<u>1,565,828</u>
--	304,269	74,078	(87,842)	(13,764)	22,520	8,756	--	8,756
--	5,314,712	196,618	376,156	572,774	4,733,182	5,305,956	--	5,305,956
<u>\$ --</u>	<u>\$5,618,981</u>	<u>\$ 270,696</u>	<u>\$288,314</u>	<u>\$559,010</u>	<u>\$4,755,702</u>	<u>\$5,314,712</u>	<u>\$ --</u>	<u>\$5,314,712</u>

**FRANCONIA MENNONITE CONFERENCE and
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES
Combined Statements of Cash Flows
For the Years Ended January 31, 2017 and 2016**

	2017			
	<u>Franconia Mennonite Conference</u>	<u>FMC Properties</u>	<u>Eliminations</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Change in Net Assets	\$ 286,908	\$ 17,361	\$ --	\$ 304,269
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Depreciation	9,429	224,776	--	234,205
Unrealized (Gain) Loss on Investments	(31,209)	--	--	(31,209)
Realized (Gain) Loss on Investments	733	(7)	--	726
Reinvestment of Investment Income	(9,258)	--	--	(9,258)
Loan Receivable Forgiveness	--	36,422	--	36,422
(Gain) Loss on Disposal of Equipment	1,292	--	--	1,292
Gain on Sale of Church Building	--	(85,809)	--	(85,809)
(Increase) Decrease in Operating Assets:				
Accounts and Rents Receivable	(14,152)	5,374	723	(8,055)
Cash Held for Others	57,763	13,875	--	71,638
Prepaid Expenses	(525)	(10,970)	--	(11,495)
Increase (Decrease) in Operation Liabilities:				
Accounts Payable and Accrued Expenses	4,021	(17,512)	(723)	(14,214)
Accrued Wages and Payroll Taxes	10,813	--	--	10,813
Security Deposits	--	(13,875)	--	(13,875)
Agency Funds	(90,721)	--	--	(90,721)
Net Cash Provided (Used) by Operating Activities	<u>225,094</u>	<u>169,635</u>	<u>--</u>	<u>394,729</u>
Cash Flows from Investing Activities:				
Acquisition of Property and Equipment	(2,008)	(68,515)	--	(70,523)
Proceeds from Sale of Equipment	150	--	--	150
Proceeds from Sale of Church Building	--	103,270	--	103,270
Repayments of Loans Receivable	--	1,815	--	1,815
Proceeds from Investments	33,205	--	--	33,205
Purchase of Investments	(254,045)	(212,000)	--	(466,045)
Net Cash Provided (Used) by Investing Activities	<u>(222,698)</u>	<u>(175,430)</u>	<u>--</u>	<u>(398,128)</u>
Net Increase (Decrease) in Cash	2,396	(5,795)	--	(3,399)
Cash - Beginning of Year	31,473	87,702	--	119,175
Cash - End of Year	<u>\$ 33,869</u>	<u>\$ 81,907</u>	<u>\$ --</u>	<u>\$ 115,776</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>				
Cash Paid During the Period for Interest	\$ --	\$ --	\$ --	\$ --

The accompanying notes are an integral part of the combined financial statements.

2016

<u>Franconia Mennonite Conference</u>	<u>FMC Properties</u>	<u>Eliminations</u>	<u>Total</u>
\$ (13,764)	\$ 22,520	\$ --	\$ 8,756
9,818	218,867	--	228,685
32,085	--	--	32,085
(3,195)	--	--	(3,195)
(8,555)	(4)	--	(8,559)
--	--	--	--
(295)	--	--	(295)
--	--	--	--
30,525	115,470	(104,300)	41,695
(60,814)	--	--	(60,814)
(31)	(710)	--	(741)
(121,871)	(1,411)	104,300	(18,982)
(293)	--	--	(293)
--	--	--	--
78,742	--	--	78,742
<u>(57,648)</u>	<u>354,732</u>	<u>--</u>	<u>297,084</u>
(7,931)	(91,145)	--	(99,076)
580	--	--	580
--	--	--	--
50,000	597	--	50,597
52,970	--	--	52,970
<u>(31,449)</u>	<u>(399,452)</u>	<u>--</u>	<u>(430,901)</u>
<u>64,170</u>	<u>(490,000)</u>	<u>--</u>	<u>(425,830)</u>
6,522	(135,268)	--	(128,746)
<u>24,951</u>	<u>222,970</u>	<u>--</u>	<u>247,921</u>
<u>\$ 31,473</u>	<u>\$ 87,702</u>	<u>\$ --</u>	<u>\$ 119,175</u>
\$ --	\$ --	\$ --	\$ --

**FRANCONIA MENNONITE CONFERENCE AND
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**
Notes To Combined Financial Statements
January 31, 2017 and 2016

Note 1 - General Information and Summary of Significant Accounting Policies:

General Information

Franconia Mennonite Conference (Conference) is an association of Mennonite congregations, centered chiefly in southeastern Pennsylvania and other eastern states. Its purpose is to share financial and personnel resources, to nurture member congregations and support approved mission programs. The Conference provides the framework through which congregations can join together and participate in the meetings and service of the Mennonite denomination.

During 2003, the Conference implemented Conference Related Ministries (CRM) in which participating not-for-profit organizations, meeting certain criteria, receive benefits and services from the Conference. The CRM's contribute towards these benefits and services voluntarily.

Franconia Mennonite Board of Missions and Charities T/A FMC Properties (FMC Properties) is a real estate holding company.

One small organization (Worm Project) has been included under the Conference's 501(c)(3) blanket exemption in the past seven years. The Worm Project will continue to be under the Conference's umbrella. The Worm Project has its own board of directors and is self-governing and sustaining. No Worm Project financial activity is included in these combined financial statements.

Accrual Basis

The combined financial statements of the Franconia Mennonite Conference and Franconia Mennonite Board of Missions and Charities T/A FMC Properties have been prepared on the accrual basis except for depreciation of church buildings as explained in Note 3.

Basis of Presentation

The accompanying combined financial statements include the net assets and financial activities of Franconia Mennonite Conference and Franconia Mennonite Board of Missions and Charities T/A FMC Properties. All significant balances and transactions between the Organizations have been eliminated.

Since the officers of both Franconia Mennonite Conference and Franconia Mennonite Board of Missions and Charities T/A FMC Properties consist of substantially the same individuals, the Organizations are considered financially interrelated, and accordingly combined in the accompanying combined financial statements in order to present their financial information in conformity with accounting principles generally accepted in the United States of America for financially interrelated organizations.

The Organizations are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Accounts, Rent and Loans Receivable

Accounts, rents and loans receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts as of January 31, 2017 and 2016 is \$0.

**FRANCONIA MENNONITE CONFERENCE AND
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**
Notes To Combined Financial Statements - Continued
January 31, 2017 and 2016

Note 1 - Continued:

Cash and Cash Equivalents

For the purposes of the combined statements of financial position and cash flows, cash and cash equivalents includes cash on hand and demand deposits at banks.

Land, Church Buildings, Property, Equipment and Depreciation

Land, church buildings, property and equipment are carried at cost. Donations of property and equipment are recorded at their estimated fair value. Such donations are reported as unrestricted unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted. Absent donor stipulations regarding how long those donated assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organizations reclassify temporarily restricted net assets to unrestricted net assets at that time.

The Organizations use the straight-line method of depreciation to recover the cost of property and equipment during their estimated useful lives. Depreciation is not recognized on the church buildings since title will ultimately be transferred to the established congregations.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organizations to concentrations of credit risk consist principally of temporary cash investments. The Organizations place their temporary cash investments with financial institutions. At times such investments may be in excess of the FDIC insurance limit of \$250,000. The Organizations also have a "sweep account" in which excess deposits are transferred by the bank to earn higher interest. The funds in the sweep account are also covered by FDIC insurance. At January 31, 2017 and 2016, the Organizations' exceeded the insured amount by \$652,978 and \$511,179, respectively. FMC Properties receives 74.4% - 2017 and 57.5% - 2016 of their rental income from one organization. The Conference has accounts receivable from one organization in the amount of \$40,126 outstanding as of January 31, 2017 and 2016.

Federal Income Taxes

The Organizations are exempt from Federal Income Taxes as defined in Section 501(c)(3) of the Internal Revenue Code. The Organizations are not private foundations as defined in section 509 of the Internal Revenue Code.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions.

Subsequent Events

Management has evaluated subsequent events through August 31, 2017, the date the combined financial statements were available to be issued.

**FRANCONIA MENNONITE CONFERENCE AND
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES
Notes To Combined Financial Statements - Continued
January 31, 2017 and 2016**

Note 1 - Continued:

Management Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Rental Income

Rental income is recognized at fair market rental value. The Organizations lease properties to several organizations at below fair market rental value. The difference between fair market rental value and what the lessee actually pays is treated as in-kind donation to that organization. For the years ended January 31, 2017 and 2016, the amount recognized as in-kind donation was \$191,206 and \$236,371, respectively.

Note 2 - Property and Equipment:

A summary of the property and equipment as of January 31, 2017 and 2016 follows:

	<u>2017</u>	<u>2016</u>
Office Furniture and Equipment	\$ 35,848	\$ 35,833
Leasehold Improvements	58,196	58,196
Land and Buildings – Indian Creek Farm	456,047	453,212
Land and Buildings – Souderton Shopping Center	<u>6,172,594</u>	<u>6,106,915</u>
	6,722,685	6,654,156
Less: Accumulated Depreciation	<u>(2,721,900)</u>	<u>(2,488,247)</u>
Net Property and Equipment	<u>\$ 4,000,785</u>	<u>\$ 4,165,909</u>

Depreciation expense for the years ended January 31, 2017 and 2016 was \$234,205 and \$228,685, respectively.

Note 3 - Church Buildings:

Details of church building costs at January 31, 2017 and 2016 follow:

	<u>2017</u>	<u>2016</u>
New Beginnings Community Church, Bristol, PA	\$ --	\$17,461
Whitehall Mennonite Church, Whitehall, PA	25,014	25,014
Project Haven, E. Greenville, PA	<u>25,000</u>	<u>25,000</u>
Total	<u>\$50,014</u>	<u>\$67,475</u>

Church building costs represent actual amounts invested by the Conference to assist various groups in obtaining a church building. The purpose of owning the church buildings is to ultimately transfer the title to established congregations. Peace Mennonite Church congregation officially closed in 2011. In 2012, a joint venture between several congregations of Eastern District Conference and Franconia Mennonite Conference, called Project Haven, was established and began to use the building. Project Haven will cover all operating costs for the property. New Beginnings Community Church property was sold on February 29, 2016 and the net proceeds received were \$103,270. This resulted in a gain of \$85,809.

**FRANCONIA MENNONITE CONFERENCE and
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES
Notes To Combined Financial Statements - Continued
January 31, 2017 and 2016**

Note 4 - Investments:

Investments with readily determinable fair market values are stated at fair market value. Unrealized gains and losses are included in the changes in net assets in the accompanying combined statements of activities. Investment fees for the years ended January 31, 2017 and 2016 were \$4,300 and \$4,435, respectively, which are included in supporting services expenses. Investments are managed by Everence - The Mennonite Foundation, Inc. (Ministry Resource Fund), MMA Praxis Funds (FMC Properties) and Univest Bank and Trust Company (Ministerial Retirement Plan). The fund managers are not liable for a decline in market value of any investment or for a loss sustained which is not attributable to their own negligence or wrongdoing. The fund managers make all investment decisions. A summary of investments at January 31, 2017 and 2016, by major components, follows:

	<u>2017</u>	<u>2016</u>
Univest Bank and Trust Company Business Savings Account	\$ <u>67,762</u>	\$ <u>49,455</u>
Everence - The Mennonite Foundation, Inc.		
Cash and Cash Equivalents	5,128	3,562
Bond Funds	246,164	153,303
Equities	178,845	102,045
International Equities	91,031	51,689
Commodities	30,161	17,850
Real Estate	17,745	10,618
Alternative Investments	<u>29,963</u>	<u>17,703</u>
Total	<u>599,037</u>	<u>356,770</u>
Univest Bank and Trust Company (Capital Fund)		
- Business Savings Account	633,372	421,372
MMA Praxis Funds – Money Market Funds	<u>3,570</u>	<u>3,563</u>
Total Investments	<u>\$1,303,741</u>	<u>\$831,160</u>

The components of investment income (including interest from cash and loan receivables) are as follows:

	<u>2017</u>	<u>2016</u>
Interest and Dividends	\$ 13,949	\$ 13,191
Interest from Loan Receivable	1,184	404
Realized Gain (Loss)	(733)	3,195
Unrealized Gain (Loss)	<u>31,209</u>	<u>(32,085)</u>
Investment Income (Loss)	45,609	(15,295)
Fees	<u>(4,300)</u>	<u>(4,435)</u>
Net Investment Income (Loss)	<u>\$ 41,309</u>	<u>\$(19,730)</u>

Note 5 - Loan Receivable:

	<u>2017</u>	<u>2016</u>
Loan receivable – Christian Community Baptist Church, 9%, monthly payment of \$1,000, no set maturity date, transaction arose from sale of Bethel Community Church, Norristown, PA, original amount loaned \$144,800, secured by property located in Norristown, PA. The loan was revised to \$15,000 and repaid in June 2017 (loan forgiveness of \$36,422)	\$ 15,000	\$ 53,237
Less: Current Portion	<u>(15,000)</u>	<u>(7,514)</u>
Long Term Portion	<u>\$ --</u>	<u>\$ 45,723</u>

**FRANCONIA MENNONITE CONFERENCE and
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES
Notes To Combined Financial Statements - Continued
January 31, 2017 and 2016**

Note 6 - Line of Credit:

The Conference has a line of credit available through Univest Bank and Trust Company in the amount of \$200,000, which is due on demand. Interest is at bank's prime rate (4%). The line of credit is unsecured. Amount outstanding at January 31, 2017 and 2016, was \$0.

Note 7 - Forwarding Accounts:

The Conference receives funds from churches and individuals to be forwarded to various non-profit organizations. The Conference does not recognize these funds as revenue, but records them as a liability until the money is disbursed to those organizations. The amounts outstanding at January 31, 2017 and 2016 are \$0.

Note 8 - Agency Funds:

The Conference holds cash and provides bookkeeping services for several organizations, whose mission is similar to that of the Conference. The combined financial statements do not include the assets, liabilities and activities of these organizations. These organizations have their own governing boards.

Note 9 - Ministerial Retirement Fund:

The Conference has designated funds amounting to \$67,762 and \$49,455 as of January 31, 2017 and 2016, respectively, which are included in investments, to help support retired church workers and their spouses. The support given to individuals is reviewed annually based on need. The amounts paid for support, during the years ended January 31, 2017 and 2016, were \$35,205 and \$38,180, respectively.

Note 10 - Net Assets:

	<u>2017</u>	<u>2016</u>
<u>Franconia Mennonite Conference</u>		
Unrestricted Net Assets:		
Designated by Conference Board for:		
Ministerial Retirement Plan	\$ 67,762	\$ 49,455
Undesignated	<u>407,904</u>	<u>221,241</u>
Total Unrestricted Net Assets	<u>475,666</u>	<u>270,696</u>
Temporarily Restricted Net Assets:		
Restricted for:		
Area Conference Leadership Fund		
– A Clayton Kratz Memorial	--	527
Funds Designated by Donors	6,534	21,825
Missions	<u>363,718</u>	<u>265,962</u>
Total Temporarily Restricted Net Assets	<u>370,252</u>	<u>288,314</u>
Total Net Assets	<u>\$ 845,918</u>	<u>\$ 559,010</u>
<u>FMC Properties</u>		
Unrestricted Net Assets:		
Undesignated	<u>\$4,773,063</u>	<u>\$4,755,702</u>
Total Net Assets	<u>\$4,773,063</u>	<u>\$4,755,702</u>

**FRANCONIA MENNONITE CONFERENCE and
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES
Notes To Combined Financial Statements - Continued
January 31, 2017 and 2016**

Note 11 - Employee Retirement Plan:

The Conference participates in the Mennonite Retirement Plan, a defined contribution pension plan. All employees employed at least 1,000 hours annually are eligible. Participants' interests in the plan are vested immediately. The Conference's contribution, which is funded annually, is 4% of participants' annual salaries. Total retirement plan contributions for the years ended January 31, 2017 and 2016 were \$16,419 and \$16,620, respectively.

Note 12 - Contributed Services:

The Conference receives contributed services in connection with its everyday operations. These contributions have not been recorded by the Conference as they don't meet the definition of services to be recorded.

Note 13 - Leases:

Property Leased From Others:

Beginning on January 1, 2015, the Conference leases office space from Dock Mennonite Academy. The lease includes a dedicated use of two rooms and a shared use of two conference rooms. The lease is for five years, with an annual increase by mutual agreement for years two through five. Monthly rent payments are \$2,500. Rent expense was \$30,000 for each of the years ended January 31, 2017 and 2016. Future minimum lease payments are as follows:

January 31,	
2018	\$30,000
2019	30,000
2020	<u>27,500</u>
	<u>\$87,500</u>

The Conference subleases part of their office facilities to Eastern District Conference on a month to month basis. As a reflection of the partnership in ministry with Eastern District Conference, who was not able to pay rent in the year ended January 31, 2016, the Conference recorded \$6,000 in rental income and \$6,000 as an in-kind contribution towards that ministry. Total rental income for the years ended January 31, 2017 and 2016 amounted to \$2,500 and \$6,000, respectively, which is included with rental income for combined financial statement presentation.

Properties Leased to Others:

Church Building

The Conference leased the East Greenville church building to an organization on a month-to-month basis. In order to reflect both the ownership of the East Greenville church building and the Conference's partnership in the ministry using that facility, the Conference records \$9,600 in rental income and \$9,600 as an in-kind contribution expense towards that ministry for each of the years ended January 31, 2017 and 2016.

Souderton Shopping Center

FMC Properties leases a store to an organization (Parma John's) on a month-to-month basis. As of January 31, 2015, monthly rent payments were \$2,759. The lessee also pays a monthly CAM, which was adjusted at end of period to actual expenses incurred. Rental income, including CAM, for the years ended January 31, 2017 and 2016 was \$38,765 and \$39,445, respectively.

**FRANCONIA MENNONITE CONFERENCE and
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES
Notes To Combined Financial Statements - Continued
January 31, 2017 and 2016**

Note 13 - Continued:

FMC Properties leases an office to an organization (Weaver, Reckner & Reinhart) under an operating lease expiring December 2023. Monthly rent payments for calendar 2006 and thereafter are \$3,458 plus CPI. As of January 31, 2017, monthly rent payments are \$4,612. The lessee also pays an annual CAM of \$2,100 plus an annual \$50 increase; this is being included with rental income on the combined statements of activities. The lessee also pays the proportional (by size of space) increase in real estate taxes, which in fiscal year ended January 31, 2017 was \$131. Rental income for the years ended January 31, 2017 and 2016 was \$57,272 and \$57,133, respectively.

FMC Properties leases an office to an organization (Tri-Valley) under an operating lease that is renewed annually with a CPI adjustment. As of January 31, 2017, monthly rent payments are \$4,445. The lessee also pays an annual CAM of \$2,100 plus an annual \$50 increase; this is being included with rental income on the combined statements of activities. The lessee also pays the proportional (by size of space) increase in real estate taxes, which in fiscal year ended January 31, 2017 was \$121. Rental income for the years ended January 31, 2017 and 2016 was \$55,273 and \$55,140, respectively.

FMC Properties leased a store to an organization (Lifeway) under an operating lease. In September 2013, Lifeway Christian Stores purchased Berean Christian Stores and assumed the existing lease. Effective February 1, 2014, Lifeway entered into a new lease agreement for two years with a monthly rent of \$12,500, which includes CAM. In December 2015, Lifeway gave notice that their lease would end and they would vacate the space by February 29, 2016. The Conference recorded the Lifeway rent at a fair market rate of \$14.26/sqft. and offset that with an in-kind contribution expense towards that organization. The amount of the in-kind contribution expense for the years ended January 31, 2017 and 2016 was \$8,109 and \$97,308, respectively. Rental income, including CAM and in-kind contribution, for the years ended January 31, 2017 and 2016 was \$20,609 and \$247,308, respectively.

FMC Properties leases six stores to an organization (Care and Share) under an operating lease expiring January 2023. Effective March 1, 2016, Care and Share leased additional space previously leased to Lifeway. This is an addendum to the lease. Monthly rent payments are \$35,080 – 2017 and \$25,764 - 2016 plus an annual adjustment based on CPI. The lessee also pays a monthly CAM, which is adjusted at end of period to actual expenses incurred. The Conference records the Care & Share rent at a fair market rate of \$11.22/sqft and offset that with an in-kind contribution expense towards that organization. The amount of the in-kind contribution expense for the years ending January 31, 2017 and 2016 was \$183,097 and \$139,062, respectively. Rental income, including CAM and in-kind contribution, for the years ended January 31, 2017 and 2016 were \$828,041 and \$626,398, respectively.

Future minimum lease rental income is as follows (does not include in-kind contribution):

<u>January 31,</u>	
2018	\$535,718
2019	486,823
2020	486,823
2021	486,823
2022	486,823
Thereafter	<u>969,034</u>
	<u>\$3,452,044</u>

**FRANCONIA MENNONITE CONFERENCE and
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES
Notes To Combined Financial Statements - Continued
January 31, 2017 and 2016**

Note 13 - Continued:

Indian Creek Road Farm

FMC Properties entered into a lease, effective January 1, 2010, with Living Hope Farm, an unrelated nonprofit organization. The lease is for the house, barn, old group home building and surrounding farm land. The original lease was for four years ending December 31, 2013. In December 2014, a lease extension was signed for years 2015 through 2017, rent is being paid at \$2,517 a month. The lessee is responsible for utilities, maintenance and repairs (up to \$500). Future minimum rent to be received is \$27,689 - 2018. Rental income for each of the years ended January 31, 2017 and 2016 amounted to \$30,206.

FMC Properties leases a building to an organization (Indian Creek Foundation, a group home) on a year-to-year basis. Monthly rental income is conditioned upon the annual approval of the Commonwealth of PA. The lessee is responsible for normal maintenance. In January 2014, a new lease was negotiated. The lease will be year-to-year. Starting January 1, 2014, monthly rental income will be \$2,336. Future minimum rent to be received is \$25,694 – 2018. Total rental income for the years ended January 31, 2017 and 2016 amounted to \$28,030 and \$28,075, respectively.

	<u>2017</u>	<u>2016</u>
Rental Income	\$ 58,236	\$ 58,282
Rental Expense	<u>(29,189)</u>	<u>(31,159)</u>
Net	<u>\$ 29,047</u>	<u>\$ 27,123</u>

Note 14 - Functional Allocation of Expenses:

The costs of providing various programs and activities of the Organizations have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are allocated based on square footage and full-time equivalents.

Note 15 - Related Party Transactions:

Certain members of the Organizations' Board of Directors are related to entities providing services to the Organizations in the ordinary course of business.

Note 16 - Pending Legal Matter:

A civil action compliant has been filed against the Conference and another organization for damages from a person allegedly falling at the Souderton Shopping Center. Damages being sought by the plaintiff are \$50,000. The suit is being managed by the Conference's insurance company and legal advisor.

Note 17 - Fair Value Measurements:

FASB ASC 820-10, *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of hierarch under FASB ASC 820-10 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**FRANCONIA MENNONITE CONFERENCE and
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES
Notes To Combined Financial Statements - Concluded
January 31, 2017 and 2016**

Note 17 - Continued:

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data for correlation or other means. If the asset or liability has a specified (contractual) term, the level II input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair values for investments are determined by maturity, interest rates other relevant information generated by market transactions.

Fair values of assets measured on a recurring basis at January 31, 2017 and 2016 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2017</u>				
Investments:				
Cash and Cash Equivalents	\$ 706,262	\$ --	\$ --	\$ 706,262
Money Market Funds	3,570	--	--	3,570
Bond Funds	246,164	--	--	246,164
U. S. Equity Funds	178,845	--	--	178,845
International Equity Fund	91,031	--	--	91,031
Commodities Funds	30,161	--	--	30,161
Real Estate Funds	17,745	--	--	17,745
Alternative Investment Funds	<u>29,963</u>	<u>--</u>	<u>--</u>	<u>29,963</u>
Total	<u>\$1,303,741</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$1,303,741</u>
<u>2016</u>				
Investments:				
Cash and Cash Equivalents	\$ 474,389	\$ --	\$ --	\$ 474,389
Money Market Funds	3,563	--	--	3,563
Bond Funds	153,303	--	--	153,303
U. S. Equity Funds	102,045	--	--	102,045
International Equity Fund	51,689	--	--	51,689
Commodities Funds	17,850	--	--	17,850
Real Estate Funds	10,618	--	--	10,618
Alternative Investment Funds	<u>17,703</u>	<u>--</u>	<u>--</u>	<u>17,703</u>
Total	<u>\$ 831,160</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 831,160</u>

SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTARY INFORMATION

Conference Board
Franconia Mennonite Conference and
Franconia Mennonite Board of Missions and Charities
T/A FMC Properties

We have audited the combined financial statements of Franconia Mennonite Conference and Franconia Mennonite Board of Missions and Charities T/A FMC Properties as of and for the years ended January 31, 2017 and 2016, and have issued our report thereon dated August 31, 2017, which contained an unmodified opinion on those combined financial statements. Our audits were performed for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information in Schedules I – III is presented for the purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the accounting procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

August 31, 2017


DETWEILER, HERSHEY & ASSOCIATES, P.C.
Certified Public Accountants

**FRANCONIA MENNONITE CONFERENCE and
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES
Schedule I - Program Services - Expenses
For the Years Ended January 31, 2017 and 2016**

FRANCONIA MENNONITE CONFERENCE - PROGRAM SERVICES

	<u>2017</u>	<u>2016</u>
<u>Ministerial Leadership</u>		
Staff Support	\$ 9,140	\$ 5,384
Area Conference Leadership Grants	527	--
Pastoral Assessments	3,300	500
Pastors Training & Spiritual Direction	4,146	3,270
Miscellaneous	--	212
Allocated Office Expense	724	1,086
Total Ministerial Leadership	<u>\$ 17,837</u>	<u>\$ 10,452</u>
<u>FMC School for Leadership Formation</u>		
Staff Support	\$ 26,794	\$ 21,407
Formation Program	--	647
Leadership Development	9,202	9,313
Leadership Equipping Events	272	6,415
Intercultural Conference Ministries	5,097	1,844
Pastors & Leaders Breakfasts	110	4,715
Youth Leadership Events	136	106
Sister Care Conference	314	263
Church Together Statements Task Force	1,517	--
SLF Travel	8	79
Allocated Office Expense	2,605	2,008
Total School for Leadership Formation	<u>\$ 46,055</u>	<u>\$ 46,797</u>
<u>Global Missional Partnerships</u>		
Kirk Hanger's Mexico Ministry	\$ 17,486	\$ 20,300
Worm Project Support	454	420
Allocated Office Expense	76	106
Total Global Partnerships	<u>\$ 18,016</u>	<u>\$ 20,826</u>
<u>LEAD Ministries</u>		
LEAD Staff Support	\$ 271,805	\$ 255,033
Contracted LEADership Ministers	20,076	9,500
Intentional Interim Ministries	82	567
Search Committee	2,500	945
Conference -Wide Events	2,397	--
Miscellaneous	197	128
Travel	26,227	35,349
Professional Development	1,686	--
Prayer Transformation	7,233	860
Allocated Office Expense	25,269	17,504
Total Congregational Resources	<u>\$ 357,472</u>	<u>\$ 319,886</u>

**FRANCONIA MENNONITE CONFERENCE and
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES
Schedule I - Program Services - Expenses - Continued
For the Years Ended January 31, 2017 and 2016**

FRANCONIA MENNONITE CONFERENCE - PROGRAM SERVICES - Continued

	<u>2017</u>	<u>2016</u>
<u>Leadership Cultivation</u>		
Staff Support	\$ 17,119	\$ 12,247
Ministry Inquiry Program	2,640	2,350
Leadership Cultivation	890	--
Allocated Office Expense	1,382	662
Total Leadership Cultivation	<u>\$ 22,031</u>	<u>\$ 15,259</u>
<u>Collaborative Ministries</u>		
Staff Support	\$ 25,991	\$ 12,159
Regional Ministries	9,600	15,600
Cooperative Schools Project	--	5,005
Peace & Justice EDC/FMC Partnership	2,730	89
Miscellaneous	2,076	--
Travel	1,410	--
Allocated Office Expense	2,302	1,722
Total CRM Coordination	<u>\$ 44,109</u>	<u>\$ 34,575</u>
<u>Conference Assembly</u>		
Staff Support	\$ 17,878	\$ 19,670
Contracted Conference Assembly Coordination	4,028	6,136
Delegate Reports	--	5
Honorarium	4,074	4,158
Miscellaneous	2,995	2,304
Travel	520	667
Allocated Office Expense	2,652	3,713
Total Conference Assembly	<u>\$ 32,147</u>	<u>\$ 36,653</u>
<u>Communications</u>		
Staff Support	\$ 19,608	\$ 40,824
Contracted Communications	150	1,959
Intersections	3,260	2,193
Communication Equipment	223	127
Miscellaneous	--	432
Travel	74	296
Web Site Development	1,145	944
Allocated Office Expense	5,690	5,308
Total Communications	<u>\$ 30,150</u>	<u>\$ 52,083</u>
<u>Ministerial Retirement Fund</u>		
Ministerial Retirement Support	\$ 35,205	\$ 38,180
Total Ministerial Retirement Fund	<u>\$ 35,205</u>	<u>\$ 38,180</u>

**FRANCONIA MENNONITE CONFERENCE and
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES
Schedule I - Program Services - Expenses - Concluded
For the Years Ended January 31, 2017 and 2016**

FRANCONIA MENNONITE CONFERENCE - PROGRAM SERVICES - Concluded

	<u>2017</u>	<u>2016</u>
<u>Missions Operational Grants</u>		
Missional Operations Grants - General	\$ 36,175	\$ 40,520
Missions Operational Grants	<u>\$ 36,175</u>	<u>\$ 40,520</u>
<u>Missions Program Services</u>		
MC USA General Assembly Delegates	<u>\$ --</u>	<u>\$ 14,461</u>
<u>New Missional Initiatives</u>		
Biblical Seminary Mission Trips	\$ 2	\$ 7,950
Philadelphia Praise Center Support	4,000	--
Anabaptist Network	51	--
Pastoral Assistance Fund	6,500	--
Centro de Alabanza Support	16,835	--
Norristown New Life Support	13,489	48,471
Intentional Interim Training Fund	19	4,127
Total Missional Initiatives	<u>\$ 40,896</u>	<u>\$ 60,548</u>

**FRANCONIA MENNONITE CONFERENCE and
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES
Schedule II - Supporting Services - Expenses
For the Years Ended January 31, 2017 and 2016**

FRANCONIA MENNONITE CONFERENCE - SUPPORTING SERVICES

	<u>2017</u>	<u>2016</u>
<u>Conference Board</u>		
Staff Support	\$ 23,244	\$ 26,896
Miscellaneous	1,341	2,835
Travel	4,909	4,318
Allocated Office Expense	2,608	1,940
Total Conference Board	<u>\$ 32,102</u>	<u>\$ 35,989</u>
<u>Executive Committee</u>		
Staff Support	\$ 37,686	\$ 35,340
Miscellaneous	183	4,758
Travel	5,321	3,766
Professional Development	415	--
Allocated Office Expense	3,876	5,028
Total Executive Committee	<u>\$ 47,481</u>	<u>\$ 48,892</u>
<u>Ministerial Committee</u>		
Staff Support	\$ 10,764	\$ 3,836
Credentials Committee	1,341	2,212
Miscellaneous	93	366
Travel	19	203
Allocated Office Expense	1,221	283
Total Ministerial Committee	<u>\$ 13,438</u>	<u>\$ 6,900</u>
<u>Finance Committee</u>		
Staff Support	\$ 42,726	\$ 39,732
Legal Fees	525	450
Accounting Fees	6,700	6,700
Payroll Processing	2,200	2,240
Investment Fees	4,300	4,435
Miscellaneous	111	--
Travel	157	148
Allocated Office Expense	3,298	3,449
Total Finance Committee	<u>\$ 60,017</u>	<u>\$ 57,154</u>

**FRANCONIA MENNONITE CONFERENCE and
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES
Schedule II - Supporting Services - Expenses - Concluded
For the Years Ended January 31, 2017 and 2016**

FRANCONIA MENNONITE CONFERENCE - SUPPORTING SERVICES - Concluded

	<u>2017</u>	<u>2016</u>
<u>Conference Office</u>		
Salaries and Benefits:		
Staff Salaries	\$ 434,012	\$ 398,984
Payroll Taxes	31,973	29,841
Fringe Benefits	115,679	120,162
Less: Staff Wages and Benefits Allocation	(581,664)	(548,988)
Total Salaries and Benefits	--	(1)
Office Overhead:		
Maintenance and Repairs	5,650	4,301
Rent	30,000	30,000
Telephone	11,323	11,351
Insurance	1,937	2,044
Postage	643	1,215
Network/Web Site Expense	2,083	1,930
Office Supplies	8,749	5,782
Less: Office Expense Allocation	(64,240)	(59,502)
Meeting Room Expense	9,759	13,137
Depreciation	9,429	9,818
(Gain) Loss on Disposal of Property and Equipment	1,292	(295)
Common Area - Salary and Benefits	2,565	3,174
Total Office Overhead	19,190	22,955
Total Conference Office	\$ 19,190	\$ 22,954

FMC PROPERTIES - SUPPORTING SERVICES

Insurance	\$ 10,735	\$ 14,126
Utilities	12,667	14,542
Building Repairs and Maintenance	26,581	16,865
Groundskeeping and Parking Lot	26,491	45,879
Property Taxes	112,945	111,117
Professional Fees	4,150	4,397
Management Fees	40,373	40,102
Depreciation	224,776	218,867
In-Kind Rental Contribution	191,206	236,371
Loan Forgiveness	36,422	--
Miscellaneous	1,286	1,433
Total FMC Properties	\$ 687,632	\$ 703,699

**FRANCONIA MENNONITE CONFERENCE and
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES
Schedule III - Receipts, Disbursements and Balances of Forwarding Accounts
For the Years Ended January 31, 2017 and 2016**

	<u>Balance</u> <u>2/1/16</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>1/31/17</u>
Mennonite Mission Network	\$ --	\$ 38,489	\$ (38,489)	\$ --
Mennonite Church USA	--	63,281	(63,281)	--
Franconia Conference, Mennonite and Non-Mennonite Programs	--	77,719	(77,719)	--
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<u>\$ --</u>	<u>\$ 179,489</u>	<u>\$ (179,489)</u>	<u>\$ --</u>

	<u>Balance</u> <u>2/1/15</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>1/31/16</u>
Mennonite Mission Network	\$ 574	\$ 49,426	\$ (50,000)	\$ --
Mennonite Church USA	--	61,241	(61,241)	--
Franconia Conference, Mennonite and Non-Mennonite Programs	1,980	75,470	(77,450)	--
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 2,554</u>	<u>\$ 186,137</u>	<u>\$ (188,691)</u>	<u>\$ --</u>