

**EASTERN OHIO ASSOCIATION OF THE
UNITED CHURCH OF CHRIST**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015



CliftonLarsonAllen

**EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Association Council
Eastern Ohio Association of the United Church of Christ
Cuyahoga Falls, Ohio

We have reviewed the accompanying financial statements of Eastern Ohio Association of the United Church of Christ which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2016 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
Eastern Ohio Association of the United Church of Christ

Report on 2015 Financial Statements

The 2015 financial statements of Eastern Ohio Association of the United Church of Christ were reviewed by Bruner Cox LLP, whose practice became a part of CliftonLarsonAllen LLP effective June 1, 2016, and whose report dated May 23, 2016, stated that based on their review, they were not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Canton, Ohio
June 26, 2017

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

ASSETS	2016	Restated 2015
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 41,305	\$ 45,157
Accounts Receivable	8,926	44,633
Current Maturities of Note Receivable	108,642	110,131
Total Current Assets	158,873	199,921
PROPERTY AND EQUIPMENT		
Furniture, Fixtures, and Equipment	10,793	14,443
Vehicles	42,409	42,409
Total	53,202	56,852
Less: Accumulated Depreciation	25,052	24,063
Total Property and Equipment	28,150	32,789
OTHER ASSETS		
Investments	135,540	137,596
Deposits	835	835
Total Other Assets	136,375	138,431
Total Assets	\$ 323,398	\$ 371,141
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 10,962	\$ 7,922
Accounts Payable:		
Trade	23,352	37,741
Western Reserve Association	5,902	3,142
OCWM	36,622	51,398
Total Current Liabilities	76,838	100,203
LONG-TERM DEBT , Net of Current Portion	8,155	19,136
NET ASSETS		
Unrestricted:		
General Operating	101,233	111,043
Board Designated	117,338	122,180
Total Unrestricted	218,571	233,223
Temporarily Restricted	19,834	18,579
Total Net Assets	238,405	251,802
Total Liabilities and Net Assets	\$ 323,398	\$ 371,141

See accompanying Notes to Financial Statements.

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Total 2016
SUPPORT AND REVENUE				
Our Churches' Wider Mission	\$ 405,393	\$ -	\$ -	\$ 405,393
Designated Gifts/Program Income	120,519	-	-	120,519
Investment Income	4,516	6,875	1,255	12,646
Other Income	16,958	-	-	16,958
Releases from restriction	11,442	(11,442)	-	-
Total Support and Revenue	<u>558,828</u>	<u>(4,567)</u>	<u>1,255</u>	<u>555,516</u>
EXPENSES				
Amount Paid to Ohio Conference	162,157	-	-	162,157
Pass-Through Gifts	109,739	-	-	109,739
Salaries and Wages	121,564	-	-	121,564
Housing	36,131	-	-	36,131
Payroll Taxes	4,015	-	-	4,015
Employee Benefits	54,263	-	-	54,263
Travel	(8,352)	-	-	(8,352)
Office Rent	10,018	-	-	10,018
Communications	6,123	-	-	6,123
Outside Professional Services	10,631	-	-	10,631
Rentals and Lease Equipment	705	-	-	705
Maintenance	3,083	-	-	3,083
Insurance	3,854	-	-	3,854
Departmental Expense	42,089	-	-	42,089
General and Administrative	7,979	275	-	8,254
Depreciation	4,639	-	-	4,639
Total Expenses	<u>568,638</u>	<u>275</u>	<u>-</u>	<u>568,913</u>
CHANGE IN NET ASSETS	(9,810)	(4,842)	1,255	(13,397)
Net Assets - Beginning of Year	<u>111,043</u>	<u>122,180</u>	<u>18,579</u>	<u>251,802</u>
NET ASSETS - END OF YEAR	<u>\$ 101,233</u>	<u>\$ 117,338</u>	<u>\$ 19,834</u>	<u>\$ 238,405</u>

See accompanying Notes to Financial Statements.

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Total 2015
SUPPORT AND REVENUE				
Our Churches' Wider Mission	\$ 465,595	\$ -	\$ -	\$ 465,595
Designated Gifts/Program Income	170,313	-	-	170,313
Investment Income	6,114	(3,043)	(469)	2,602
Other Income	1,630	625	-	2,255
Total Support and Revenue	<u>643,652</u>	<u>(2,418)</u>	<u>(469)</u>	<u>640,765</u>
EXPENSES				
Amount Paid to Ohio Conference	186,238	-	-	186,238
Pass-Through Gifts	125,359	-	-	125,359
Salaries and Wages	119,637	-	-	119,637
Housing	35,470	-	-	35,470
Payroll Taxes	3,902	-	-	3,902
Employee Benefits	52,916	-	-	52,916
Travel	16,996	-	-	16,996
Office Rent	10,018	-	-	10,018
Communications	5,012	-	-	5,012
Outside Professional Services	13,585	-	-	13,585
Rentals and Lease Equipment	2,179	-	-	2,179
Maintenance	2,459	-	-	2,459
Insurance	3,172	-	-	3,172
Departmental Expense	41,795	-	-	41,795
General and Administrative	25,158	6,252	-	31,410
Depreciation	5,492	-	-	5,492
Total Expenses	<u>649,388</u>	<u>6,252</u>	<u>-</u>	<u>655,640</u>
CHANGE IN NET ASSETS	(5,736)	(8,670)	(469)	(14,875)
Net Assets - Beginning of Year	125,684	121,945	19,048	266,677
Transfers	<u>(8,905)</u>	<u>8,905</u>	<u>-</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 111,043</u>	<u>\$ 122,180</u>	<u>\$ 18,579</u>	<u>\$ 251,802</u>

See accompanying Notes to Financial Statements.

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (13,397)	\$ (14,875)
Noncash Items Included in Excess of Revenues Over Expenses:		
Depreciation Expense	4,639	5,492
Net realized and unrealized (gains) losses on investments	(8,131)	3,516
Reinvested Investment Income	(2,028)	(1,573)
Changes in Assets and Liabilities:		
Accounts Receivable	35,707	6,263
Prepaid Expenses	-	21,458
Accounts Payable	(11,629)	21,936
Accounts Payable OCWM	(14,776)	(2,629)
Net Cash Provided (Used) by Operating Activities	(9,615)	39,588
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments on Note Receivable	1,489	1,892
Purchase of Investments	(12,838)	(30,563)
Proceeds from Sale of Investments	25,053	7,500
Net Cash Provided (Used) by Investing Activities	13,704	(21,171)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(7,941)	(7,588)
Net Cash Used by Financing Activities	(7,941)	(7,588)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,852)	10,829
Cash and Cash Equivalents - Beginning of Year	45,157	34,328
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 41,305	\$ 45,157
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 1,027	\$ 1,380

See accompanying Notes to Financial Statements.

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Eastern Ohio Association of the United Church of Christ (the Association) is a nonprofit organization that is responsible for receiving and distributing proceeds from member churches. The Association also serves as an administrator for certain programs and funds for various churches. The Association role and mission is to build and nurture connections between congregations, clergy, other leaders, and groupings for the purpose of supporting one another. The Association and the Western Reserve Association of the United Church of Christ share operating expense such as salaries, benefits, and other administrative expenses in order for both associations to become more efficient and economical.

The significant accounting policies followed by the Association are described below.

Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

The Association's financial statements are presented in accordance with the *Not-for-Profit Organization - Presentation of Financial Statements* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. Under this topic, the Association is required to report information regarding its financial position and activities according to three classes of net assets described as follows:

Unrestricted Net Assets – Net assets which are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Association and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions that the Association maintains permanently. Generally, the donors of these assets permit the Association to use all or part of the income earned on related investments for general or specific purposes.

Concentration of Credit Risk

The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash.

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, cash equivalents accounts receivable, accounts payable, and accrued liabilities approximates fair value due to the short maturity of these instruments. The carrying amount of long-term debt approximates fair value because the fixed rates are based on current rates offered to the Association for debt with similar terms and maturities.

Use of Estimates

The preparation of the 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Cash and Cash Equivalents

The Association considers cash equivalents to include demand deposits and all highly liquid debt instruments purchased with an original maturity of 90 days or less.

Investments

Investments consist of marketable debt and equity securities. All investments are reported at fair value. Realized gains or losses are determined on the specific identification method and are reflected as part of investment income. Unrealized gains or losses are reflected as part of investment income. See Note 2 for discussion of fair value measurements.

Property and Equipment

Property and equipment are stated at cost, or if donated, at estimated fair value at the date of the donation less accumulated depreciation. Additions and improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The provision for depreciation expense was \$ 4,639 and \$5,492 for 2016 and 2015, respectively.

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Association is dependent upon support from its member churches to fund its operations. The amount of support (goal) from each member church is estimated annually by the Association based on each church's financial situation and past giving record. The churches' goals include support for the Association, the Ohio Conference; and the National Office of the United Church of Christ (General Synod). The Association, in conjunction with the Ohio Conference, determines the portion of support that will be maintained by the Association to fund operations and the portion with will be forwarded to the Ohio Conference and the General Synod. The portion of support maintained by the Association is reflected in the statement of activities. The amounts forwarded to the Ohio Conference and the General Synod are reflected as agency transactions and are reported as increases and decreases in Cash Flows from Operating Activities in the statements of cash flows.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets, if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions of property and equipment are recorded as support at their estimated fair value. Such contributions are reported as unrestricted support unless the donor has restricted the contributed asset to a specific purpose. Assets contributed with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those contributed assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Income Taxes

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Association has adopted the *Accounting for Uncertainty in Income Taxes* topic of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification*. Management has determined the effects of the adoption of this topic to be insignificant; therefore, no adjustments have been recorded and no further disclosures are required.

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

The Association receives services donated by its members in carrying out the Association's ministry. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under accounting principles and the accounting pronouncement *Accounting for Contributions Received and Contributions Made*.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

Subsequent events have been evaluated through June 26, 2017, which is the date the financial statements were available to be issued.

NOTE 2 RESTATEMENT

The accompanying financial statements for 2015 have been restated to correct for an error in the recording of cash and accounts payable. The effect of the error was to understate cash and accounts payable. For comparative purposes, previously reported 2015 amounts have been restated to increase cash and accounts payable by \$6,284.

NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Association accounts for assets and liabilities in accordance with the provisions of the *Fair Value Measurements and Disclosures* topic of the FASB *Accounting Standards Codification*. This topic applies to all assets and liabilities that are being measured and reported on a fair value basis. This topic requires disclosure that establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expands disclosure about fair value measurements. This statement enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Assets measured at fair value are comprised of the following:

	Assets at Fair Value as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
United Church Funds:				
Cash Equivalent Fund	\$ 146	\$ -	\$ -	\$ 146
Moderate Balance Fund	-	135,394	-	135,394
Total	<u>\$ 146</u>	<u>\$ 135,394</u>	<u>\$ -</u>	<u>\$ 135,540</u>

	Assets at Fair Value as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
United Church Funds:				
Cash Equivalent Fund	\$ 145	\$ -	\$ -	\$ 145
Moderate Balance Fund	-	137,451	-	137,451
Total	<u>\$ 145</u>	<u>\$ 137,451</u>	<u>\$ -</u>	<u>\$ 137,596</u>

In determining the appropriate levels, the Association performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Measurements and Disclosures topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The Association holds investments in debt and equity securities which are classified as available for sale securities. The fair value of these investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. For the years ended December 31, 2016 and 2015, the application of valuation techniques applied to similar assets and liabilities have been consistent.

The Association records all of its investments at fair value. At December 31, the Association held the following investments:

	2016		2015	
	Market Value	Cost	Market Value	Cost
United Church Funds:				
Cash and Equivalent Fund	\$ 146	\$ 146	\$ 145	\$ 145
Moderate Balance Fund	135,394	122,577	137,451	129,635
Total Investments	<u>\$ 135,540</u>	<u>\$ 122,723</u>	<u>\$ 137,596</u>	<u>\$ 129,780</u>

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
NOTES TO FINANCIAL STATEMENTS
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(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 4 LONG-TERM DEBT

Long-term debt consists of the following at December 31:

<u>Description</u>	<u>2016</u>	<u>2015</u>
Note payable with a financing company dated October 2012; due in 60 monthly installments of \$533 including interest at 6.55%; due November 2017 with half of the balance on Western Reserve Association of the United Church of Christ's books; collateralized by a vehicle	\$ 5,570	\$ 8,292
Note payable with a financing company dated July 2014, due in 60 monthly installments of \$467 including interest at 2.20%; due July 2019 with half of the balance on Western Reserve Association of the United Church of Christ's books; collateralized by a vehicle	6,980	9,611
Note payable with a financing company dated July 2014, due in 60 monthly installments of \$467 including interest at 2.20%; due July 2019 with half of the balance on Western Reserve Association of the United Church of Christ's books; collateralized by a vehicle	<u>6,567</u>	<u>9,155</u>
Total	19,117	27,058
Less: Current Maturities	<u>10,962</u>	<u>7,922</u>
Total Long-Term Debt	<u>\$ 8,155</u>	<u>\$ 19,136</u>

Current maturities of long-term debt are as follows at December 31, 2016:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$ 10,962
2018	5,592
2019	2,563
Total	<u>\$ 19,117</u>

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 5 NET ASSETS

There are certain programs and funds that are directly administered by the Association. The various member churches fund these programs. At December 31, the balances in these programs were as follows:

	Beginning Balance 12/31/15	Revenue	Transfers In (Out)	Expenses	Ending Balance 12/31/16
Designated Funds:					
Reserve Fund	\$ 51,442	\$ 3,484	\$ (13,000)	\$ -	\$ 41,926
Endowment Fund	5,227	353	-	-	5,580
Educational & Support Fund	16,839	1,158	-	-	17,997
Church Development Assistance	12,736	(271)	4,948	-	17,413
Youth Scholarship Fund	1,518	102	-	-	1,620
Volunteer Travel Fund	1,529	-	(1,529)	-	-
Partners in Ministry Fund	11,339	766	-	-	12,105
Core Value Initiatives	1,632	1	-	-	1,633
Continuing Education Fund	19,918	1,282	(1,861)	(275)	19,064
Total Designated Funds	<u>\$ 122,180</u>	<u>\$ 6,875</u>	<u>\$ (11,442)</u>	<u>\$ (275)</u>	<u>\$ 117,338</u>
Temporarily Restricted:					
Estele Morgan	<u>\$ 18,579</u>	<u>\$ 1,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,834</u>

	Beginning Balance 12/31/14 (Audited)	Revenue	Transfers In (Out)	Expenses	Ending Balance 12/31/15 (Reviewed)
Designated Funds:					
Reserve Fund	\$ 63,051	\$ (1,609)	\$ (10,000)	\$ -	\$ 51,442
Endowment Fund	5,359	(132)	-	-	5,227
Educational & Support Fund	16,471	(408)	776	-	16,839
Church Development Assistance	20,754	(518)	(7,500)	-	12,736
Annual Meetings	-	-	3,138	(3,138)	-
Youth Scholarship Fund	1,556	(38)	-	-	1,518
Discretionary Fund	1,160	625	-	(1,785)	-
Volunteer Travel Fund	1,529	-	-	-	1,529
Partners in Ministry Fund	10,238	(259)	1,360	-	11,339
Core Value Initiatives	1,629	3	-	-	1,632
Department of C&M Trainings Fund	198	-	1,131	(1,329)	-
Continuing Education Fund	-	(82)	20,000	-	19,918
Total Designated Funds	<u>\$ 121,945</u>	<u>\$ (2,418)</u>	<u>\$ 8,905</u>	<u>\$ (6,252)</u>	<u>\$ 122,180</u>
Temporarily Restricted:					
Estele Morgan	<u>\$ 19,048</u>	<u>\$ (469)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,579</u>

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 6 PASS-THROUGH GIFTS

The Association had the following pass-through gifts which are recorded as income and expenses on the statement of activities at December 31:

	<u>2016</u>	<u>2015</u>
Unrestricted Funds Pass-Through:		
Asian Rural Institute	\$ -	\$ 93
Back Bay Mission	719	823
Blankets - Church World Services	2,645	3,907
Christmas Fund - National	-	23,656
Christmas Fund - Ohio	25,554	-
Church World Service - Undesignated	5	-
Crop Walk - Church World Service	-	75
Crossroad	1,354	2,477
CUE Seminaries	11,026	18,463
Defiance College	160	-
General Synod - Ohio Conference	-	50
GHANA	1,000	550
Global Ministries	-	77
Habitat for Humanity - Canton	913	-
Habitat for Humanity - Wooster	-	100
Heidelberg College	160	-
Hope Homes	1,834	625
Hunger Action - Church World Service	-	390
National Conference - Disaster Relief	1,127	-
Neighbors In Need	16,134	16,211
Nepal - Church World Service	-	1,870
OC Camps	2,300	2,500
Ohio Conference - Disaster Relief	681	749
One Great Hour of Sharing	32,326	37,316
Outdoor Ministries	500	500
Richard Wolff Trust	450	580
S.A.R.A. & S.A.R.A. Bethel Clinic	263	-
Salvation Army	242	214
Strengthen The Church	9,292	11,209
UNICEF	-	181
United Church Homes	1,054	2,188
US and National Disasters - Church World Service	-	555
Total	<u>\$ 109,739</u>	<u>\$ 125,359</u>

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 7 PENSION AND BENEFIT PLANS

The Association maintains two qualified contributory retirement plans administered by the United Church of Christ Pension Boards. The Annuity Fund for Ministers and the Retirement Fund for Lay Workers are for the benefit of ordained and lay employees respectively. Employees become participants in the plans effective the date of employment. Contributions to the plans are made at the rate of 14% of salary.

The Association has a tax-deferred annuity program which grants income tax deferment under the provision of Internal Revenue Code section 403b for eligible employees desiring to participate in the plan. At present there is one employee that participates. The Association does not contribute to this plan on behalf of employees.

The Association provides health, dental, vision, life, and disability insurance coverage for its eligible employees through participation in a group plan. The United Church of Christ Pension Boards administers the health and insurance policies.

Full-time employees may receive full family coverage while part-time employees who work at least 20 hours per week consistently may receive individual coverage and are offered the opportunity to purchase the family coverage if needed.

Pension and benefit expense for 2016 and 2015 amounted to \$54,263 and \$52,916, respectively.

NOTE 8 OPERATING LEASES

The Association has entered into leasing arrangements for office space and equipment for use in its operations through 2018. Rental expense under operating lease agreements amounted to \$10,723 and \$12,197 and for 2016 and 2015, respectively.

The following is a schedule by year of the future minimum rental payments required under lease agreements having initial or remaining noncancelable lease terms in excess of one year as of December 31, 2016:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$ 10,018
2018	2,505
Total	<u>\$ 12,523</u>

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(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 9 NOTE RECEIVABLE

The Association has a note receivable related to the sale of a property in 2011. The note pays interest at 5.50%, Monthly payments on the note are \$667, including principal and interest, with a final payment of \$108,642 due September 2016. The note receivable balance was paid in full in February 2017.

NOTE 10 RELATED PARTY TRANSACTIONS

Included in accounts receivable are \$6,913 and \$44,633 at December 31, 2016 and 2015, respectively, representing receipts from churches that were paid during January 2017 and January 2016, respectively,

Included in accounts payable are \$36,622 and \$51,398 at December 31, 2016 and 2015, respectively, payable to the Ohio Conference of the United Church of Christ.

Included in operating revenue and support are \$405,393 and \$465,595 for the years ended December 31, 2016 and 2015, respectively, from churches reported as Our Church's Wider Mission (OCWM) contributions. The Association paid \$162,157 and \$186,238 in 2016 and 2015, respectively, of this revenue to the Ohio Conference.

Included in accounts payable are amounts due to the Western Reserve Association of the United Church of Christ of \$5,902 and \$3,142 at December 31, 2016 and 2015, respectively related to amounts contributed to the joint account which is included in cash on the Associations books.