

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

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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YEARS ENDED DECEMBER 31, 2017 AND 2016**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Eastern Ohio Association of the United Church of Christ as of December 31, 2017, and the related notes.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 on the statement of financial position.

Opinion on the Statement of Financial Position

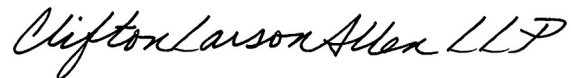
In our opinion, the statement of financial position referred to in the first paragraph presents fairly, in all material respects, the financial position of Eastern Ohio Association of the United Church of Christ as of December 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Statements of Activities and Cash Flows

Because we were not engaged to audit the statements of activities and cash flows, we did not extend our auditing procedures to enable us to express an opinion on results of operations and cash flows for the year ended December 31, 2017. Accordingly, we express no opinion on the results of operations and cash flows for the year ended December 31, 2017.

Other Matter

The 2016 financial statements were reviewed by us, and our report thereon, dated June 26, 2017, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.



CliftonLarsonAllen LLP

Canton, Ohio
June 5, 2018

**EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

| | 2017 | Reviewed 2016 |
|--|------------|------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 54,994 | \$ 41,305 |
| Accounts Receivable | 14,010 | 8,926 |
| Current Maturities of Note Receivable | - | 108,642 |
| Total Current Assets | 69,004 | 158,873 |
| PROPERTY AND EQUIPMENT | | |
| Furniture, Fixtures, and Equipment | 9,556 | 10,793 |
| Vehicles | 29,170 | 42,409 |
| Total | 38,726 | 53,202 |
| Less: Accumulated Depreciation | 23,456 | 25,052 |
| Total Property and Equipment | 15,270 | 28,150 |
| OTHER ASSETS | | |
| Investments | 240,285 | 135,540 |
| Deposits | 835 | 835 |
| Total Other Assets | 241,120 | 136,375 |
| Total Assets | \$ 325,394 | \$ 323,398 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Current Portion of Long-Term Debt | \$ 2,861 | \$ 10,962 |
| Accounts Payable: | | |
| Trade | 26,458 | 23,352 |
| Western Reserve Association | 12,750 | 5,902 |
| OCWM | 26,244 | 36,622 |
| Total Current Liabilities | 68,313 | 76,838 |
| LONG-TERM DEBT , Net of Current Portion | 739 | 8,155 |
| NET ASSETS | | |
| Unrestricted: | | |
| General Operating | 14,426 | 101,233 |
| Board Designated | 218,948 | 117,338 |
| Total Unrestricted | 233,374 | 218,571 |
| Temporarily Restricted | 22,968 | 19,834 |
| Total Net Assets | 256,342 | 238,405 |
| Total Liabilities and Net Assets | \$ 325,394 | \$ 323,398 |

See accompanying Notes to Financial Statements.

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

| | <u>Unrestricted</u> | <u>Unrestricted Board Designated</u> | <u>Temporarily Restricted</u> | <u>Unaudited Total 2017</u> |
|--|---------------------|--|-----------------------------------|-------------------------------------|
| SUPPORT AND REVENUE | | | | |
| Our Churches' Wider Mission | \$ 393,808 | \$ - | \$ - | \$ 393,808 |
| Designated Gifts/Program Income | 34,268 | 108,641 | - | 142,909 |
| Investment Income | 1 | 27,495 | 3,134 | 30,630 |
| Loss on Sale of Property and Equipment | (5,183) | - | - | (5,183) |
| Other Income | 5,000 | - | - | 5,000 |
| Releases from Restriction | 34,526 | (34,526) | - | - |
| Total Support and Revenue | <u>462,420</u> | <u>101,610</u> | <u>3,134</u> | <u>567,164</u> |
| EXPENSES | | | | |
| Amount Paid to Ohio Conference | 118,143 | - | - | 118,143 |
| Pass-Through Gifts | 135,033 | - | - | 135,033 |
| Salaries and Wages | 124,150 | - | - | 124,150 |
| Housing | 24,087 | - | - | 24,087 |
| Payroll Taxes | 3,948 | - | - | 3,948 |
| Employee Benefits | 53,666 | - | - | 53,666 |
| Travel | 3,797 | - | - | 3,797 |
| Office Rent | 10,018 | - | - | 10,018 |
| Communications | 3,707 | - | - | 3,707 |
| Outside Professional Services | 9,946 | - | - | 9,946 |
| Rentals and Lease Equipment | 372 | - | - | 372 |
| Maintenance | 3,114 | - | - | 3,114 |
| Insurance | 2,349 | - | - | 2,349 |
| Departmental Expense | 34,896 | - | - | 34,896 |
| General and Administrative | 18,554 | - | - | 18,554 |
| Depreciation | 3,447 | - | - | 3,447 |
| Total Expenses | <u>549,227</u> | <u>-</u> | <u>-</u> | <u>549,227</u> |
| CHANGE IN NET ASSETS | (86,807) | 101,610 | 3,134 | 17,937 |
| Net Assets - Beginning of Year | <u>101,233</u> | <u>117,338</u> | <u>19,834</u> | <u>238,405</u> |
| NET ASSETS - END OF YEAR | <u>\$ 14,426</u> | <u>\$ 218,948</u> | <u>\$ 22,968</u> | <u>\$ 256,342</u> |

See accompanying Notes to Financial Statements.

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

| | <u>Unrestricted</u> | <u>Unrestricted Board Designated</u> | <u>Temporarily Restricted</u> | <u>Reviewed Total 2016</u> |
|---------------------------------|---------------------|--|-----------------------------------|------------------------------------|
| 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 CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

| | Unaudited 2017 | Reviewed 2016 |
|--|-------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 17,937 | \$ (13,397) |
| Noncash Items Included in Excess of Revenues Over Expenses: | | |
| Depreciation Expense | 3,447 | 4,639 |
| Net Realized and Unrealized Gains on Investments | (27,233) | (8,131) |
| Loss on Sale of Property and Equipment | 5,183 | - |
| Reinvested Investment Income | (3,397) | (2,028) |
| Changes in Assets and Liabilities: | | |
| Accounts Receivable | (5,084) | 35,707 |
| Accounts Payable | 9,954 | (11,629) |
| Accounts Payable OCWM | (10,378) | (14,776) |
| Net Cash Used by Operating Activities | <u>(9,571)</u> | <u>(9,615)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments on Note Receivable | 108,642 | 1,489 |
| Purchase of Investments | (108,641) | (12,838) |
| Proceeds from Sale of Investments | 34,526 | 25,053 |
| Net Cash Provided by Investing Activities | <u>34,527</u> | <u>13,704</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments on Long-Term Debt | <u>(11,267)</u> | <u>(7,941)</u> |
| Net Cash Used by Financing Activities | <u>(11,267)</u> | <u>(7,941)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 13,689 | (3,852) |
| Cash and Cash Equivalents - Beginning of Year | <u>41,305</u> | <u>45,157</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 54,994</u> | <u>\$ 41,305</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash Paid for Interest | <u>\$ 525</u> | <u>\$ 1,027</u> |
| SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES | | |
| Disposal of Property and Equipment Used to Pay Down Long-Term Debt | <u>\$ 4,250</u> | <u>\$ -</u> |

See accompanying Notes to Financial Statements.

**EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

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 expenses such as salaries, benefits, and other administrative expenses in order for both associations to become more efficient and economical. During November 2017, the Association Council voted to merge with the Western Reserve Association of the United Church of Christ pending the approval of the Ohio Conference.

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, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$3,447 and \$4,639 for 2017 and 2016, respectively.

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 which 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.

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized when the donor makes a promise to give to the Association 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 Association 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.

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*.

Recent Accounting Pronouncements

Presentation of Financial Statements of Nonprofit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This standard was issued to improve the information presented in financial statements and notes about a nonprofit entity's liquidity, financial performance, and cash flows. The new standard is effective for fiscal years beginning after December 15, 2017. The Organization is currently evaluating the impact of this election on the consolidated financial statements.

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

Revenue from Contracts with Customers

In May 2014, the FASB issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the entity for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual periods beginning after December 15, 2019. Management is evaluating the effect of the amended revenue recognition guidance on the entity's financial statements.

Subsequent Events

Subsequent events have been evaluated through June 5, 2018, which is the date the financial statements were available to be issued.

NOTE 2 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, 2017 AND 2016**

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Assets measured at fair value are comprised of the following:

| Assets at Fair Value as of December 31, 2017 | | | | |
|--|---------|------------|---------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| United Church Funds: | | | | |
| Cash Equivalent Fund | \$ 147 | \$ - | \$ - | \$ 147 |
| Moderate Balance Fund | - | 240,138 | - | 240,138 |
| Total | \$ 147 | \$ 240,138 | \$ - | \$ 240,285 |
| 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 | \$ 146 | \$ 135,394 | \$ - | \$ 135,540 |

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, 2017 and 2016, 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:

| | 2017 | | 2016 | |
|--------------------------|--------------|------------|--------------|------------|
| | Market Value | Cost | Market Value | Cost |
| United Church Funds: | | | | |
| Cash and Equivalent Fund | \$ 147 | \$ 147 | \$ 146 | \$ 146 |
| Moderate Balance Fund | 240,138 | 205,356 | 135,394 | 122,577 |
| Total Investments | \$ 240,285 | \$ 205,503 | \$ 135,540 | \$ 122,723 |

**EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 3 LONG-TERM DEBT

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

| <u>Description</u> | <u>2017</u> | <u>2016</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 |
| 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 |
| 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>3,600</u> | <u>6,567</u> |
| Total | 3,600 | 19,117 |
| Less: Current Maturities | <u>2,861</u> | <u>10,962</u> |
| Total Long-Term Debt | <u><u>\$ 739</u></u> | <u><u>\$ 8,155</u></u> |

Maturities of long-term debt are as follows at December 31, 2017:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|------------------------|
| 2018 | \$ 2,861 |
| 2019 | 739 |
| Total | <u><u>\$ 3,600</u></u> |

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 4 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 12/31/16 (Reviewed) | Revenue | Transfers In (Out) | Expenses | Ending Balance 12/31/17 (Audited) |
|-------------------------------|--|------------------|-----------------------|-------------|--|
| Designated Funds: | | | | | |
| Reserve Fund | \$ 41,926 | \$ 3,371 | \$ (30,000) | \$ - | \$ 15,297 |
| Endowment Fund | 5,580 | 882 | - | - | 6,462 |
| Educational and Support Fund | 17,997 | 2,714 | (2,500) | - | 18,211 |
| Church Development Assistance | 17,413 | 15,294 | 108,641 | - | 141,348 |
| Youth Scholarship Fund | 1,620 | 256 | - | - | 1,876 |
| Volunteer Travel Fund | - | - | - | - | - |
| Partners in Ministry Fund | 12,105 | 1,865 | (676) | - | 13,294 |
| Core Value Initiatives | 1,633 | 1 | - | - | 1,634 |
| Continuing Education Fund | 19,064 | 3,112 | (1,350) | - | 20,826 |
| Total Designated Funds | <u>\$ 117,338</u> | <u>\$ 27,495</u> | <u>\$ 74,115</u> | <u>\$ -</u> | <u>\$ 218,948</u> |
| Temporarily Restricted: | | | | | |
| Estele Morgan | <u>\$ 19,834</u> | <u>\$ 3,134</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 22,968</u> |

| | Beginning Balance 12/31/15 (Reviewed) | Revenue | Transfers In (Out) | Expenses | Ending Balance 12/31/16 (Reviewed) |
|-------------------------------|--|-----------------|-----------------------|-----------------|---|
| Designated Funds: | | | | | |
| Reserve Fund | \$ 51,442 | \$ 3,484 | \$ (13,000) | \$ - | \$ 41,926 |
| Endowment Fund | 5,227 | 353 | - | - | 5,580 |
| Educational and 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> |

EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 5 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:

| | 2017 | 2016 |
|---------------------------------------|------------|------------|
| Unrestricted Funds Pass-Through: | | |
| Back Bay Mission | \$ 690 | \$ 719 |
| Blankets - Church World Services | 4,441 | 2,645 |
| Christmas Fund - Ohio | 27,140 | 25,554 |
| Church World Service - Undesignated | 244 | 5 |
| Crossroad | 1,076 | 1,354 |
| CUE Seminaries | 11,872 | 11,026 |
| Defiance College | - | 160 |
| GHANA | - | 1,000 |
| Habitat for Humanity - Canton | 390 | 913 |
| Haiti Relief-Church | 550 | - |
| Heidelberg College | - | 160 |
| Hope Homes | 996 | 1,834 |
| Hurricane Relief (USA) | 18,869 | - |
| National Conference - Disaster Relief | 6,485 | 1,127 |
| Neighbors In Need | 15,445 | 16,134 |
| OC Camps | 1,000 | 2,300 |
| Ohio Conference - Disaster Relief | 200 | 681 |
| One Great Hour of Sharing | 32,768 | 32,326 |
| Outdoor Ministries | 500 | 500 |
| Richard Wolff Trust | 900 | 450 |
| S.A.R.A. & S.A.R.A. Bethel Clinic | 134 | 263 |
| Salvation Army | - | 242 |
| Strengthen The Church | 9,083 | 9,292 |
| United Church Homes | 1,273 | 1,054 |
| Young Ambassador Program | 977 | - |
| Total | \$ 135,033 | \$ 109,739 |

NOTE 6 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 who participates. The Association does not contribute to this plan on behalf of employees.

**EASTERN OHIO ASSOCIATION OF THE UNITED CHURCH OF CHRIST
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NOTE 6 PENSION AND BENEFIT PLANS (CONTINUED)

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 2017 and 2016 amounted to \$53,666 and \$54,263, respectively.

NOTE 7 OPERATING LEASES

The Association has entered into leasing arrangements for office space and equipment for use in its operations through 2023. Rental expense under operating lease agreements amounted to \$10,390 and \$10,723 for 2017 and 2016, 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, 2017:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|------------------|
| 2018 | \$ 10,492 |
| 2019 | 10,650 |
| 2020 | 10,650 |
| 2021 | 10,650 |
| 2022 | 10,650 |
| 2023 | 2,663 |
| Total | <u>\$ 55,755</u> |

NOTE 8 NOTE RECEIVABLE

The Association had a note receivable related to the sale of a property in 2011. The note paid interest at 5.50%. Monthly payments on the note were \$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.

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NOTE 9 RELATED PARTY TRANSACTIONS

Included in accounts receivable are \$14,010 and \$6,913 at December 31, 2017 and 2016, respectively, representing receipts from churches that were paid during January 2018 and January 2017, respectively.

Included in accounts payable are \$26,244 and \$36,622 at December 31, 2017 and 2016, respectively, payable to the Ohio Conference of the United Church of Christ.

Included in operating revenue and support are \$393,808 and \$405,393 for the years ended December 31, 2017 and 2016, respectively, from churches reported as Our Church's Wider Mission (OCWM) contributions. The Association paid \$118,143 and \$162,157 in 2017 and 2016, 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 \$12,750 and \$5,902 at December 31, 2017 and 2016, respectively related to amounts contributed to the joint account which is included in cash on the Associations books.