

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

**Audited Consolidated Financial Statements**

**For The Years Ended  
January 31, 2020 and 2019**

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5 - 6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 19
Supplementary Information:	
Schedule I - Consolidating Statements of Financial Position	20
Schedule II - Consolidating Statements of Activities	21
Schedule III - Consolidating Statements of Cashflows	22
Schedule IV - Program Services - Expenses	23 - 25
Schedule V - Supporting Services - Expenses	26 - 27



## 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 consolidated 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 consolidated statements of financial position as of January 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated 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, 2020 and 2019, 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.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information in Schedules I – V is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional 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 consolidated financial statements as a whole.

September 24, 2020

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



**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
**Consolidated Statements of Financial Position**  
**January 31, 2020 and 2019**

**Assets**

	<b><u>2020</u></b>	<b><u>2019</u></b>
Current Assets:		
Cash	\$ 407,816	\$ 235,839
Cash Held for Others	72,459	84,926
Accounts and Rent Receivable	3,570	3,931
Prepaid Expenses	59,208	59,963
Total Current Assets	<u>543,053</u>	<u>384,659</u>
Property and Equipment, Net of Accumulated Depreciation	<u>3,791,860</u>	<u>3,998,876</u>
Other Assets:		
Investments	1,909,093	1,648,476
Loans Receivable	53,926	40,126
Church Buildings	55,014	50,014
Total Other Assets	<u>2,018,033</u>	<u>1,738,616</u>
<b>Total Assets</b>	<b><u>\$ 6,352,946</u></b>	<b><u>\$ 6,122,151</u></b>

**Liabilities and Net Assets**

Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 34,979	\$ 38,352
Accrued Wages and Payroll Taxes	15,520	18,215
Agency Funds	78,394	62,695
Security Deposit	2,389	2,389
Total Current Liabilities	<u>131,282</u>	<u>121,651</u>
Net Assets:		
Without Donor Restrictions	5,709,745	5,582,246
With Donor Restrictions	511,919	418,254
Total Net Assets	<u>6,221,664</u>	<u>6,000,500</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 6,352,946</u></b>	<b><u>\$ 6,122,151</u></b>

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

**FRANCONIA MENNONITE CONFERENCE and**  
**FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
**Consolidated Statements of Activities**  
**For the Years Ended January 31, 2020 and 2019**

	2020		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenue, Gains and Other Support:			
Contributions - Congregations	\$ 361,967	\$ --	\$ 361,967
Contributions - Other	26,852	85,654	112,506
FMC School for Leadership Formation	2,354	--	2,354
Rental and Maintenance Income	1,112,795	--	1,112,795
Investment Income (Loss)	132,045	41,881	173,926
Miscellaneous Income	4,440	--	4,440
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	33,870	(33,870)	--
Total Revenue, Gains and Other Support	<u>1,674,323</u>	<u>93,665</u>	<u>1,767,988</u>
Expenses and Losses:			
Program Services:			
Ministerial Leadership	11,231	--	11,231
FMC School for Leadership Formation	51,138	--	51,138
Global Missional Partnerships	17,847	--	17,847
LEAD Ministries	320,086	--	320,086
Leadership Cultivation	20,953	--	20,953
Collaborative Ministries	80,567	--	80,567
Conference Assembly	45,587	--	45,587
Communications	44,110	--	44,110
Ministerial Retirement Fund	9,325	--	9,325
Missions Operational Grants	40,000	--	40,000
Miscellaneous Program Services	11,303	--	11,303
New Missional Initiatives	1,360	--	1,360
Property Expense	626,518	--	626,518
Total Program Services	<u>1,280,025</u>	<u>--</u>	<u>1,280,025</u>
Supporting Services:			
Conference Board	25,880	--	25,880
Executive Committee	59,710	--	59,710
Ministerial Committee	57,082	--	57,082
Finance Committee	52,672	--	52,672
Conference Office	16,563	--	16,563
Property Expense	54,892	--	54,892
Total Supporting Services	<u>266,799</u>	<u>--</u>	<u>266,799</u>
Total Expenses and Losses	<u>1,546,824</u>	<u>--</u>	<u>1,546,824</u>
<b>Change in Net Assets</b>	<b>127,499</b>	<b>93,665</b>	<b>221,164</b>
Net Assets at Beginning of Year	<u>5,582,246</u>	<u>418,254</u>	<u>6,000,500</u>
Net Assets at End of Year	<u>\$ 5,709,745</u>	<u>\$ 511,919</u>	<u>\$ 6,221,664</u>

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

**2019**

<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
\$ 363,371	\$ --	\$ 363,371
106,496	56,531	163,027
15,711	--	15,711
1,097,347	--	1,097,347
(20,745)	(12,055)	(32,800)
6,479	--	6,479
56,559	(56,559)	--
<u>1,625,218</u>	<u>(12,083)</u>	<u>1,613,135</u>
8,541	--	8,541
81,374	--	81,374
18,805	--	18,805
312,166	--	312,166
11,320	--	11,320
71,047	--	71,047
28,545	--	28,545
38,236	--	38,236
14,750	--	14,750
48,160	--	48,160
--	--	--
8,986	--	8,986
636,960	--	636,960
<u>1,278,890</u>	<u>--</u>	<u>1,278,890</u>
29,425	--	29,425
66,633	--	66,633
60,208	--	60,208
53,917	--	53,917
18,035	--	18,035
50,770	--	50,770
<u>278,988</u>	<u>--</u>	<u>278,988</u>
<u>1,557,878</u>	<u>--</u>	<u>1,557,878</u>
67,340	(12,083)	55,257
<u>5,514,906</u>	<u>430,337</u>	<u>5,945,243</u>
<u>\$ 5,582,246</u>	<u>\$ 418,254</u>	<u>\$6,000,500</u>

**FRANCONIA MENNONITE CONFERENCE and**  
**FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
**Consolidated Statements of Functional Expenses**  
**For the Year Ended January 31, 2020**

Program Services								
	Ministerial & Leadership Formation	LEAD Ministries		Vision & Communication		Collaborative Ministries		FMC Properties
Salaries & Benefits	\$ 11,629	\$187,373	\$ 43,717	\$ 43,943	\$ --	\$ 286,662	\$ 188,791	\$ 475,453
Contractors	7,725	75,886	15,441	2,130	--	101,182	--	101,182
Travel	1,762	37,294	1,784	14,421	--	55,261	22,227	77,488
Professional Development	15	2,090	--	--	--	2,105	322	2,427
Training & Counseling	35,938	--	--	--	--	35,938	--	35,938
Grants	15,961	40,000	--	38,132	187,100	281,193	1,697	282,890
Publications & Other Communications	--	--	8,831	--	--	8,831	--	8,831
Events	8,513	1,043	7,675	15,765	--	32,996	--	32,996
Utilities	--	--	--	--	5,445	5,445	--	5,445
Real Estate Taxes	--	--	--	--	115,123	115,123	--	115,123
Repairs & Maintenance	--	--	--	--	37,534	37,534	--	37,534
Groundskeeping	--	--	--	--	37,261	37,261	--	37,261
Professional Fees	--	--	--	--	--	--	16,509	16,509
Office	1,777	15,547	11,090	6,011	--	34,425	21,933	56,358
Insurance	--	--	--	--	17,023	17,023	3,760	20,783
Depreciation	--	--	--	--	225,927	225,927	8,755	234,682
Service Charges	--	--	--	--	--	--	139	139
Miscellaneous	--	853	1,161	--	1,105	3,119	2,666	5,785
Totals	\$ 83,320	\$360,086	\$ 89,699	\$ 120,402	\$ 626,518	\$1,280,025	\$ 266,799	\$ 1,546,824

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

**FRANCONIA MENNONITE CONFERENCE and**  
**FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
Consolidated Statements of Functional Expenses  
For the Year Ended January 31, 2019

	Program Services						Total Expenses
	Ministerial & Leadership Formation	LEAD Ministries	Vision & Communication	Collaborative Ministries	FMC Properties	General and Administrative	
Salaries & Benefits	\$ 32,840	\$192,432	\$ 33,952	\$ 45,948	\$ --	\$ 199,750	\$ 504,922
Contractors	--	69,250	11,008	--	--	1,822	82,080
Travel	1,253	32,760	2,332	8,111	--	15,410	59,866
Professional Development	119	647	593	--	--	1,665	3,024
Training & Counseling	15,514	--	--	--	--	--	15,514
Grants	17,191	69,504	--	30,798	187,100	1,542	306,135
Publications & Other	--	--	--	--	--	--	--
Communications	--	--	4,304	--	--	--	4,304
Events	30,474	527	--	--	--	--	31,001
Utilities	--	--	--	--	7,114	--	7,114
Real Estate Taxes	--	--	--	--	114,816	--	114,816
Repairs & Maintenance	--	--	--	--	40,463	--	40,463
Groundskeeping	--	--	--	--	45,746	--	45,746
Professional Fees	--	--	--	--	--	13,493	13,493
Office	3,827	15,941	10,720	3,967	--	28,304	62,759
Insurance	--	--	--	--	18,331	3,031	21,362
Depreciation	--	--	--	--	222,091	10,220	232,311
Service Charges	--	--	--	--	--	2,377	2,377
Miscellaneous	16	609	3,871	3,422	1,299	1,374	10,591
Totals	\$ 101,234	\$381,670	\$ 66,780	\$ 92,246	\$ 636,960	\$ 278,988	\$ 1,557,878

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

**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended January 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 221,164	\$ 55,257
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	234,682	232,311
Unrealized (Gain) Loss on Investments	(135,538)	83,424
Realized (Gain) Loss on Investments	214	(9,390)
Reinvestment of Investment Income	(38,425)	(39,576)
(Increase) Decrease in Operating Assets:		
Accounts and Rents Receivable	361	8,249
Prepaid Expenses	756	(1,223)
Increase (Decrease) in Operation Liabilities:		
Accounts Payable and Accrued Expenses	(3,373)	21,776
Accrued Wages and Payroll Taxes	(2,695)	5,775
Agency Funds	15,699	(24,462)
Net Cash Provided by Operating Activities	<u>292,845</u>	<u>332,141</u>
Cash Flows from Investing Activities:		
Acquisition of Property and Equipment	(32,667)	(405,091)
Advance of Loans Receivable	(13,800)	--
Proceeds from Investments	39,325	253,835
Purchase of Investments	(126,193)	(167,511)
Net Cash Used by Investing Activities	<u>(133,335)</u>	<u>(318,767)</u>
Net Increase in Cash and Cash Equivalents	159,510	13,374
Cash and Cash Equivalents- Beginning of Year	<u>320,765</u>	<u>307,391</u>
Cash and Cash Equivalents - End of Year	<u>\$ 480,275</u>	<u>\$ 320,765</u>
<u>Cash Reconciliation</u>		
Cash and Cash Equivalents	\$ 407,816	\$ 235,839
Cash and Cash Equivalents - Held for Others	72,459	84,926
Total Cash, Cash Equivalents and Held for Others Cash	<u>\$ 480,275</u>	<u>\$ 320,765</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 consolidated financial statements.

**FRANCONIA MENNONITE CONFERENCE AND  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES  
Notes To Consolidated Financial Statements  
January 31, 2020 and 2019**

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 and a few in California. 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 Church USA 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 eight 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 consolidated financial statements. In January 2018, Healthy Niños Honduras (HNH) was given status under the Conference's 501(c)(3) umbrella. HNH received their own exempt status in May 2019. No HNH financial activity is included in these consolidated financial statements.

Basis of Accounting

The consolidated 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 2.

Basis of Accounting

The Organizations financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which requires the Organizations to report information regarding their financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organizations. These net assets may be used at the discretion of the Organizations' management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organizations or by passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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.



**FRANCONIA MENNONITE CONFERENCE AND  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
**Notes To Consolidated Financial Statements - Continued**  
**January 31, 2020 and 2019**

Note 1 - Continued:

Consolidated Financial Statements

The accompanying consolidated 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 consolidated in the accompanying consolidated 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.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organizations' program, interest and dividends earned on investments and rental activity. Nonoperation activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Functional Allocation of Expenses

The costs of providing various programs and activities of the Organizations have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Benefits	Time and Effort
Maintenance and Repairs	Square Footage
Rent	Square Footage
Telephone	Square Footage
Insurance	Square Footage
Network/Web Site	Square Footage
Office Supplies	Square Footage

Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, demand deposits at banks, money market accounts and highly liquid debt instruments purchased with a maturity of three months or less.

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, 2020 and 2019 is \$0.

**FRANCONIA MENNONITE CONFERENCE AND  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
**Notes To Consolidated Financial Statements - Continued**  
**January 31, 2020 and 2019**

Note 1 - Continued:

Land, Church Buildings, Property, Equipment and Depreciation

Land, church buildings, property and equipment are carried at cost when purchased. Major renewals and betterments are charged to the property accounts while replacements; maintenance and repairs, which do not improve or extend the lives of the respective assets, are expended currently. Donations of property and equipment are recorded at their estimated fair value. Such donations are reported as support without donor restrictions 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 support with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions 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. When assets are retired or otherwise disposed of, the cost and related depreciation are removed from the books and any resulting gain or loss is reflected in income for the period. 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, 2020 and 2019, the Organizations exceeded the insured amount by \$122,232 and \$99,396, respectively. FMC Properties receive 76.8% - 2020 and 80.9% - 2019 of their rental income from one organization (excluding rent in-kind income). The Conference has a loan receivable from two organizations in the amount of \$53,926 and \$40,126 outstanding as of January 31, 2020 and 2019, respectively.

Risks and Uncertainties

The Organizations invest in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially and adversely affect the Organization's investment balances.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. All contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

**FRANCONIA MENNONITE CONFERENCE AND  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
**Notes To Consolidated Financial Statements - Continued**  
**January 31, 2020 and 2019**

Note 1 - Continued:

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 each of the years ended January 31, 2020 and 2019, the amount recognized as in-kind donation was \$196,700.

Contributed Services and Materials

The Organizations receive contributed services and materials in connection with its program services and construction projects. These contributions have been recorded by the Organizations with the exception of periodic services of volunteers in concentrated activities since there is not an objective basis for measurement or valuation. During the years ended January 31, 2020 and 2019, the Organization received contributions as follows:

	<u>2020</u>	<u>2019</u>
Contributed Labor	\$ --	\$ --
Contributed Materials	--	559

Contributed materials were valued by using current market values.

Management Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through September 24, 2020, the date the consolidated financial statements were available to be issued.

Note 2 - Church Buildings:

Details of church building costs at January 31, 2020 and 2019 follow:

	<u>2020</u>	<u>2019</u>
Whitehall Mennonite Church, Whitehall, PA	\$30,014	\$25,014
Project Haven, E. Greenville, PA	<u>25,000</u>	<u>25,000</u>
Total	<u>\$55,014</u>	<u>\$50,014</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.

**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES  
Notes To Consolidated Financial Statements - Continued  
January 31, 2020 and 2019**

Note 3 - 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 consolidated statements of activities. Investment fees for the years ended January 31, 2020 and 2019 were \$18,053 and \$16,464, respectively. Investments are managed by Everence - The Mennonite Foundation, Inc. (Ministry Resource Fund), MMA Praxis Funds (FMC Properties), Univest Bank and Trust Company (Ministerial Retirement Plan) and FIFS/SEI (FMC Properties). 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 within investment guidelines approved by the Organizations. A summary of investments at January 31, 2020 and 2019, by major components, follows:

	<u>2020</u>	<u>2019</u>
Univest Bank and Trust Company:		
Business Savings Account	\$ 59,557	\$ 68,850
Everence - The Mennonite Foundation, Inc.:		
Cash and Cash Equivalents	9,597	3,008
Bond Funds	402,695	371,809
Equities	311,759	245,651
International Equities	144,155	129,127
Commodities	9,232	20,739
Real Estate	43,293	26,309
Alternative Investments	72,292	64,480
Total	<u>993,023</u>	<u>861,123</u>
SEI (Capital Reserve Fund):		
Cash and Cash Equivalents	9,263	121,346
Domestic Fixed Income	572,139	416,133
Domestic Equities	251,142	160,725
International Fixed Income	11,347	10,905
International Equities	8,954	5,784
Total	<u>852,845</u>	<u>714,893</u>
MMA Praxis Funds – Money Market Funds	<u>3,668</u>	<u>3,610</u>
Total Investments	<u>\$1,909,093</u>	<u>\$1,648,476</u>

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

	<u>2020</u>	<u>2019</u>
Interest and Dividends	\$ 57,105	\$ 57,698
Realized Gain (Loss)	( 214)	9,390
Unrealized Gain (Loss)	<u>135,538</u>	<u>(83,424)</u>
Investment Income	192,429	(16,336)
Fees	<u>(18,503)</u>	<u>(16,464)</u>
Net Investment Income (Loss)	<u>\$ 173,926</u>	<u>\$ (32,800)</u>

**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES  
Notes To Consolidated Financial Statements - Continued  
January 31, 2020 and 2019**

Note 4 - Property and Equipment:

A summary of the property and equipment as of January 31, 2020 and 2019 follows:

	<u>2020</u>	<u>2019</u>
Office Furniture and Equipment	\$ 44,331	\$ 41,626
Leasehold Improvements	58,196	58,196
Land and Buildings – Emily Street	202,920	199,070
Land and Buildings – Indian Creek Farm	508,808	508,279
Land and Buildings – Souderton Shopping Center	<u>6,407,435</u>	<u>6,386,854</u>
	7,221,690	7,194,025
Less: Accumulated Depreciation	<u>(3,429,830)</u>	<u>(3,195,148)</u>
Net Property and Equipment	<u>\$ 3,791,860</u>	<u>\$ 3,998,877</u>

Depreciation expense for the years ended January 31, 2020 and 2019 was \$234,682 and \$232,311, respectively.

Note 5 - Loan Receivable:

	<u>2020</u>	<u>2019</u>
Loan receivable – Nation’s Worship, 0%, to be repaid when the property is sold or transferred, secured by a mortgage on the property	\$ 40,126	\$ 40,126
Loan Receivable – Nueva Vida Norristown New Life, 0%, advance on property renovations, to be repaid once church receives grant funds	13,800	--
Less: Current Portion	--	--
Long Term Portion	<u>\$ 53,926</u>	<u>\$ 40,126</u>

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 (4.75% - 2020 and 5.5% - 2019). The line of credit is unsecured. Amount outstanding at January 31, 2020 and 2019, 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, 2020 and 2019 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 consolidated financial statements do not include the assets, liabilities and activities of these organizations. These organizations have their own governing boards.

**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES  
Notes To Consolidated Financial Statements - Continued  
January 31, 2020 and 2019**

Note 9 - Net Assets:

Net assets without donor restrictions at January 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Franconia Mennonite Conference:		
Designated - Ministerial Retirement Plan	\$ 59,557	\$ 68,850
Undesignated – Franconia Mennonite Conference	748,220	707,184
Undesignated – FMC Properties	<u>4,901,968</u>	<u>4,806,212</u>
Total Net Assets without Donor Restrictions	<u>\$ 5,709,745</u>	<u>\$ 5,582,246</u>

Net assets with donor restrictions at January 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Subject to Purpose Restrictions:		
Missions Fund	\$ 491,630	\$ 399,056
Leadership Shalom Fund	1,000	--
Funds to Assist Various Congregations	17,292	17,292
Intentional Interim Training	660	660
Pastoral Assistance Fund	400	--
Sister Care Ministries Fund	<u>937</u>	<u>1,246</u>
Total Net Assets with Donor Restrictions	<u>\$ 511,919</u>	<u>\$ 418,254</u>

Net assets released from net asset with donor restrictions are as follows:

	<u>2020</u>	<u>2019</u>
Satisfaction of Purpose Restrictions:		
Missions Fund	\$ 15,000	\$ 12,500
Leadership Shalom Fund	--	2,575
Funds to Assist Various Congregations	--	3,918
Pastoral Assistance Fund	--	100
Sister Care Ministries Fund	1,023	12,268
Miscellaneous	<u>17,847</u>	<u>25,198</u>
Total Satisfaction of Purpose Restrictions	<u>\$ 33,870</u>	<u>\$ 56,559</u>

Note 10 - Ministerial Retirement Fund:

The Conference has designated funds amounting to \$59,557 and \$68,850 as of January 31, 2020 and 2019, 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, 2020 and 2019, were \$9,325 and \$14,750, respectively.

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 7% and 6% of participants' annual salaries for the years ended January 31, 2020 and 2019, respectively. Total retirement plan contributions for the years ended January 31, 2020 and 2019 were \$19,440 and \$21,896, respectively.

**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES  
Notes To Consolidated Financial Statements - Continued  
January 31, 2020 and 2019**

Note 12 - Availability and Liquidity:

The following represents the Organizations' financial assets at January 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial Assets at January 31, 2020 and 2019:		
Cash and Cash Equivalents	\$ 407,816	\$ 235,839
Cash and Cash Equivalents – Held for Others	72,459	84,926
Investments	1,909,093	1,648,475
Accounts and Rent Receivable	<u>3,570</u>	<u>3,931</u>
Total Financial Assets	<u>2,392,938</u>	<u>1,973,171</u>
Less Those Unavailable for General Expenditures within One Year, Due to:		
Contractual or Donor-Imposed Restrictions:		
Subject to Appropriation and Satisfaction of Donor Restrictions	(511,919)	(418,254)
Board Designations	<u>(59,557)</u>	<u>(68,850)</u>
Total Unavailable	<u>(571,476)</u>	<u>(487,104)</u>
Financial Assets Available to Meet General Expenditures over the Next Twelve Months	<u>\$1,821,462</u>	<u>\$1,486,067</u>

The Organizations are substantially supported by donations which include both without donor restrictions and with donor restrictions, investment income, rental income and other sources. The Organizations try to maintain sufficient resources to meet the obligations of its donors. The Organizations have a line of credit (as further discussed in Note 6) available to meet cash flow needs.

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, 2020 and 2019. The lease is currently month to month.

The Conference subleases part of their office facilities to Eastern District Conference on a month to month basis. Rent was calculated at \$2,500 per year, but in mid-year 2017-2018, EDC gave up their office and downsized to just space for filing cabinets, therefore rent was changed to \$100 per quarter. Total rental income received for both years ended January 31, 2020 and 2019 amounted to \$400. In October, 2018, the conference subleased for ten months part of their office facilities to The Mennonite, for \$100 per month. Total rental income received for the years ended January 31, 2020 and 2019 amounted to \$1,200 and \$400, respectively. The lease is currently month to month. Rental income from both subleases is included with rental income for consolidated financial statement presentation.



**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES  
Notes To Consolidated Financial Statements - Continued  
January 31, 2020 and 2019**

Note 13 - Continued:

Properties Leased to Others:

Emily Street Parsonage

In November 2018, FMBMC purchased a property on Emily Street in Philadelphia, PA, to serve as a parsonage for the conference congregations located in South Philadelphia. The property is currently being leased to Centro de Alabanza de Filadelfia on a two-year lease, with the option for an additional two years. As of January 1, 2019, the monthly rent payments are \$750. The lessee is responsible for all basic repairs under \$500. Rental income for the year ended January 31, 2020 and 2019 was \$9,000 and \$750, respectively. Future minimum rent to be received is \$8,250 in 2021.

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, 2020 and 2019.

Souderton Shopping Center

FMC Properties leases a store to an organization (Parma John's) on a month-to-month basis. Monthly rent payments were \$2,959. 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, 2020 and 2019 was \$41,789 and \$42,516, respectively.

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, 2020, monthly rent payments are \$4,827. The lessee also pays an annual CAM of \$2,254 plus an annual \$50 increase; this is being included with rental income on the consolidated 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, 2020 was \$0. Rental income for the years ended January 31, 2020 and 2019 was \$59,136 and \$58,384, 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, 2020, monthly rent payments are \$4,652. The lessee also pays an annual CAM of \$2,254 plus an annual \$50 increase; this is being included with rental income on the consolidated 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, 2020 was \$0. Rental income for the years ended January 31, 2020 and 2019 was \$57,080 and \$56,351, 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 \$36,855 – 2020 and \$35,957 - 2019 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 each of the years ending January 31, 2020 and 2019 was \$187,100. Rental income, including CAM and in-kind contribution, for the years ended January 31, 2020 and 2019 were \$876,354 and \$878,260, respectively.

**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES  
Notes To Consolidated Financial Statements - Continued  
January 31, 2020 and 2019**

Note 13 - Continued:

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

<u>January 31,</u>	
2021	\$ 556,973
2022	556,973
2023	556,973
2024	547,414
	<u>\$2,218,333</u>

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 current lease was extended in November 2019 and was signed for years 2020 through 2024; rent is being paid at \$2,517 a month. The lessee is responsible for utilities, maintenance and repairs. Rental income for each of the years ended January 31, 2020 and 2019 amounted to \$30,206 and \$22,655, respectively. For the months October through December 2018, rent was forgiven to ease the burden on the organization.

Future minimum lease rental income is as follows:

<u>January 31,</u>	
2021	\$ 30,206
2022	30,206
2023	30,206
2024	27,689
	<u>\$ 118,307</u>

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 – 2020. Total rental income for each of the years ended January 31, 2020 and 2019 amounted to \$28,030.

	<u>2020</u>	<u>2019</u>
Rental Income	\$ 58,236	\$ 50,684
Rental Expense	<u>(35,593)</u>	<u>(35,643)</u>
Net	<u>\$ 22,643</u>	<u>\$ 15,041</u>

Note 14 - Fundraising Expenses:

The Organizations obtain contributions from church congregations and individual donors throughout the year. There is minimal staff time and office expense expended for fundraising type activities. During each of the years ended January 31, 2020 and 2019, the Organizations incurred approximately \$429 in fundraising costs which are included under general and administrative expenses.

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.

**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES  
Notes To Consolidated Financial Statements - Continued  
January 31, 2020 and 2019**

Note 16 - 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 hierarchy 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.

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, and other relevant information generated by market transactions.

Fair values of assets measured on a recurring basis at January 31, 2020 and 2019 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2020</u>				
Investments:				
Cash and Cash Equivalents	\$ 82,085	\$ --	\$ --	\$ 82,085
U.S. Bond Funds	974,834	--	--	974,834
U.S. Equity Funds	562,901	--	--	562,901
International Bond Funds	11,347	--	--	11,347
International Equity Fund	153,109	--	--	153,109
Commodities Funds	9,232	--	--	9,232
Real Estate Funds	43,293	--	--	43,293
Alternative Investment Funds	72,292	--	--	72,292
Total	<u>\$1,909,093</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$1,909,093</u>
<u>2019</u>				
Investments:				
Cash and Cash Equivalents	\$ 196,815	\$ --	\$ --	\$ 196,815
U.S. Bond Funds	787,942	--	--	787,942
U.S. Equity Funds	406,376	--	--	406,376
International Bond Funds	10,905	--	--	10,905
International Equity Fund	134,911	--	--	134,911
Commodities Funds	20,739	--	--	20,739
Real Estate Funds	26,309	--	--	26,309
Alternative Investment Funds	64,479	--	--	64,479
Total	<u>\$1,648,476</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$1,648,476</u>

**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES  
Notes To Consolidated Financial Statements - Concluded  
January 31, 2020 and 2019**

Note 17 - Legal Matter:

A civil action complaint had been filed against the Conference and several other organizations for damages from a person allegedly falling at the Souderton Shopping Center. Damages originally sought by the plaintiff were \$50,000. The suit was managed by the Conference's insurance company and legal advisor and on March 13, 2018, we were informed that this civil action was settled out of court for \$4,000 from each of the four defendants, which was covered by liability insurance.

Note 18 - Subsequent Events:

Merger and Name Change

During the 2019-2020 fiscal year, the delegates of the of Franconia Mennonite Conference (FMC) and the Eastern District Conference (EDC) agreed to create a one reconciled conference effective February 1, 2020. A new Conference Board and management team were created in order to run the unified conference. All the assets, liabilities and net assets of both conferences will be merged into the new unified conference which will utilize FMC's employer identification number. The legal name of the entity is Mosaic Mennonite Conference. A summary of EDC assets, liabilities and net assets is as follows:

Assets:	
Cash	\$ 137,803
Investments	241,255
Loan Receivables	25,299
Total Net Assets without Donor Restrictions	<u>\$ 404,357</u>

COVID-19

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses, which has impacted churches and nonprofits. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and subsequent recover. Therefore, the Organization expects this matter to impact its operating results for fiscal year ending January 1, 2021. However, the related financial impact and duration cannot be reasonably estimated at this time. FMC Properties did modify rental agreements for some leases in order to accommodate lessee requests. Care and Share received a rent deferment with no rent being due for the months of April, June and July 2020. Living Hope Farm received a rent deferment with no rent being due for the months of May, June and July 2020. Rent payments throughout the remaining months of the fiscal year were updated to be 1.5 times the current rates.

SUPPLEMENTARY INFORMATION

**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
**Schedule I - Consolidating Statements of Financial Position**  
**January 31, 2020 and 2019**

	2020			
	<u>Franconia Mennonite Conference</u>	<u>FMC Properties</u>	<u>Eliminations</u>	<u>Totals</u>
<b><u>Assets</u></b>				
Current Assets:				
Cash	\$ 199,772	\$ 208,044	\$ --	\$ 407,816
Cash Held for Others	70,070	2,389	--	72,459
Accounts and Rent Receivable	5,987	1,604	(4,021)	3,570
Prepaid Expenses	12,534	46,674	--	59,208
Total Current Assets	<u>288,363</u>	<u>258,711</u>	<u>(4,021)</u>	<u>543,053</u>
Property and Equipment, Net of Accumulated Depreciation	<u>31,818</u>	<u>3,760,042</u>	<u>--</u>	<u>3,791,860</u>
Other Assets:				
Investments	1,052,580	856,513	--	1,909,093
Loans Receivable	53,926	--	--	53,926
Church Buildings	--	55,014	--	55,014
Total Other Assets	<u>1,106,506</u>	<u>911,527</u>	<u>--</u>	<u>2,018,033</u>
<b>Total Assets</b>	<u>\$ 1,426,687</u>	<u>\$ 4,930,280</u>	<u>\$ (4,021)</u>	<u>\$ 6,352,946</u>
<b><u>Liabilities and Net Assets</u></b>				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 13,077	\$ 25,923	\$ (4,021)	\$ 34,979
Accrued Wages and Payroll Taxes	15,520	--	--	15,520
Agency Funds	78,394	--	--	78,394
Security Deposit	--	2,389	--	2,389
Total Current Liabilities	<u>106,991</u>	<u>28,312</u>	<u>(4,021)</u>	<u>131,282</u>
Net Assets:				
Without Donor Restrictions	807,777	4,901,968	--	5,709,745
With Donor Restrictions	511,919	--	--	511,919
Total Net Assets	<u>1,319,696</u>	<u>4,901,968</u>	<u>--</u>	<u>6,221,664</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,426,687</u>	<u>\$ 4,930,280</u>	<u>\$ (4,021)</u>	<u>\$ 6,352,946</u>

---



**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
**Schedule II - Consolidating Statements of Activities**  
**For the Years Ended January 31, 2020 and 2019**

	2020				
	Franconia Mennonite Conference			FMC Properties	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Consolidated Total
Revenue, Gains and Other Support:					
Contributions - Congregations	\$ 361,967	\$ --	\$ 361,967	\$ --	\$ 361,967
Contributions - Other	36,352	85,654	122,006	500	122,506
FMC School for Leadership Formation	2,354	--	2,354	--	2,354
Rental and Maintenance Income	11,200	--	11,200	1,101,595	1,112,795
Management Fee/Contribution	400,000	--	400,000	--	400,000
Investment Income (Loss)	46,974	41,881	88,855	85,071	173,926
Miscellaneous Income	4,440	--	4,440	--	4,440
Net Assets Released from Restrictions:					
Satisfaction of Program Restrictions	33,870	(33,870)	--	--	--
Total Revenue, Gains and Other Support	897,157	93,665	990,822	1,187,166	2,177,988
Expenses and Losses:					
Program Services:					
Ministerial Leadership	11,231	--	11,231	--	11,231
FMC School for Leadership Formation	51,138	--	51,138	--	51,138
Global Missional Partnerships	17,847	--	17,847	--	17,847
LEAD Ministries	320,086	--	320,086	--	320,086
Leadership Cultivation	20,953	--	20,953	--	20,953
Collaborative Ministries	80,567	--	80,567	--	80,567
Conference Assembly	45,587	--	45,587	--	45,587
Communications	44,110	--	44,110	--	44,110
Ministerial Retirement Fund	9,325	--	9,325	--	9,325
Missions Operational Grants	40,000	--	40,000	--	40,000
Miscellaneous Program Services	11,303	--	11,303	--	11,303
New Missional Initiatives	1,360	--	1,360	--	1,360
Property Expense	--	--	--	626,518	626,518
Total Program Services	653,507	--	653,507	626,518	1,280,025
Supporting Services:					
Conference Board	25,880	--	25,880	--	25,880
Executive Committee	59,710	--	59,710	--	59,710
Ministerial Committee	57,082	--	57,082	--	57,082
Finance Committee	52,672	--	52,672	--	52,672
Conference Office	16,563	--	16,563	--	16,563
Property Expense	--	--	--	54,892	54,892
Contribution/Transfer	--	--	--	410,000	410,000
Total Supporting Services	211,907	--	211,907	464,892	676,799
Total Expenses and Losses	865,414	--	865,414	1,091,410	1,956,824
Change in Net Assets	31,743	93,665	125,408	95,756	221,164
Net Assets at Beginning of Year	776,034	418,254	1,194,288	4,806,212	6,000,500
Net Assets at End of Year	\$ 807,777	\$ 511,919	\$1,319,696	\$4,901,968	\$6,221,664

2020		Franconia Mennonite Conference			2019			
Eliminations	Total	Without Donor Restrictions	With Donor Restrictions	Total	FMC Properties		Eliminations	Total
					Without Donor Restrictions	Consolidated Total		
\$ --	\$ 361,967	\$ 363,371	\$ --	\$ 363,371	\$ --	\$ 363,371	\$ --	\$ 363,371
(10,000)	112,506	116,496	56,531	173,027	--	173,027	(10,000)	163,027
--	2,354	15,711	--	15,711	--	15,711	--	15,711
--	1,112,795	10,400	--	10,400	1,086,947	1,097,347	--	1,097,347
(400,000)	--	399,996	--	399,996	--	399,996	(399,996)	--
--	173,926	(12,802)	(12,055)	(24,857)	(7,943)	(32,800)	--	(32,800)
--	4,440	2,802	--	2,802	3,677	6,479	--	6,479
--	--	56,559	(56,559)	--	--	--	--	--
(410,000)	1,767,988	952,533	(12,083)	940,450	1,082,681	2,023,131	(409,996)	1,613,135
--	11,231	8,541	--	8,541	--	8,541	--	8,541
--	51,138	81,374	--	81,374	--	81,374	--	81,374
--	17,847	18,805	--	18,805	--	18,805	--	18,805
--	320,086	312,166	--	312,166	--	312,166	--	312,166
--	20,953	11,320	--	11,320	--	11,320	--	11,320
--	80,567	71,047	--	71,047	--	71,047	--	71,047
--	45,587	28,545	--	28,545	--	28,545	--	28,545
--	44,110	38,236	--	38,236	--	38,236	--	38,236
--	9,325	14,750	--	14,750	--	14,750	--	14,750
--	40,000	48,160	--	48,160	--	48,160	--	48,160
--	11,303	--	--	--	--	--	--	--
--	1,360	8,986	--	8,986	--	8,986	--	8,986
--	626,518	--	--	--	636,960	636,960	--	636,960
--	1,280,025	641,930	--	641,930	636,960	1,278,890	--	1,278,890
--	25,880	29,425	--	29,425	--	29,425	--	29,425
--	59,710	66,633	--	66,633	--	66,633	--	66,633
--	57,082	60,208	--	60,208	--	60,208	--	60,208
--	52,672	53,917	--	53,917	--	53,917	--	53,917
--	16,563	18,035	--	18,035	--	18,035	--	18,035
--	54,892	--	--	--	50,770	50,770	--	50,770
(410,000)	--	--	--	--	409,996	409,996	(409,996)	--
(410,000)	266,799	228,218	--	228,218	460,766	688,984	(409,996)	278,988
(410,000)	1,546,824	870,148	--	870,148	1,097,726	1,967,874	(409,996)	1,557,878
--	221,164	82,385	(12,083)	70,302	(15,045)	55,257	--	55,257
--	6,000,500	693,649	430,337	1,123,986	4,821,257	5,945,243	--	5,945,243
\$ --	\$6,221,664	\$ 776,034	\$418,254	\$1,194,288	\$4,806,212	\$6,000,500	\$ --	\$6,000,500

**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
**Schedule III - Consolidating Statements of Cash Flows**  
**For the Years Ended January 31, 2020 and 2019**

	<b>2020</b>			
	<b>Franconia Mennonite Conference</b>	<b>FMC Properties</b>	<b>Eliminations</b>	<b>Total</b>
Cash Flows from Operating Activities:				
Change in Net Assets	\$ 125,408	\$ 95,756	\$ --	\$ 221,164
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	8,755	225,927	--	234,682
Unrealized (Gain) Loss on Investments	(63,820)	(71,718)	--	(135,538)
Realized (Gain) Loss on Investments	2,099	(1,885)	--	214
Reinvestment of Investment Income	(27,018)	(11,407)	--	(38,425)
(Increase) Decrease in Operating Assets:				
Accounts and Rents Receivable	1,678	(448)	(869)	361
Prepaid Expenses	(14)	770	--	756
Increase (Decrease) in Operation Liabilities:				
Accounts Payable and Accrued Expenses	(92)	(4,150)	869	(3,373)
Accrued Wages and Payroll Taxes	(2,695)	--	--	(2,695)
Agency Funds	15,699	--	--	15,699
Net Cash Provided by Operating Activities	<u>60,000</u>	<u>232,845</u>	<u>--</u>	<u>292,845</u>
Cash Flows from Investing Activities:				
Acquisition of Property and Equipment	(2,706)	(29,961)	--	(32,667)
Advance of Loans Receivable	(13,800)	--	--	(13,800)
Proceeds from Investments	39,325	--	--	39,325
Purchase of Investments	(73,193)	(53,000)	--	(126,193)
Net Cash Used by Investing Activities	<u>(50,374)</u>	<u>(82,961)</u>	<u>--</u>	<u>(133,335)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	9,626	149,884	--	159,510
Cash and Cash Equivalents- Beginning of Year	<u>260,216</u>	<u>60,549</u>	<u>--</u>	<u>320,765</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 269,842</u></u>	<u><u>\$ 210,433</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 480,275</u></u>
<u>Cash Reconciliation</u>				
Cash and Cash Equivalents	\$ 199,772	\$ 208,044	\$ --	\$ 407,816
Cash and Cash Equivalents - Held for Others	<u>70,070</u>	<u>2,389</u>	<u>--</u>	<u>72,459</u>
Total Cash, Cash Equivalents and Held for Others Cash	<u><u>\$ 269,842</u></u>	<u><u>\$ 210,433</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 480,275</u></u>
<u>Supplemental Disclosure of Cash Flow Information:</u>				
Cash Paid During the Period for Interest	\$ --	\$ --	\$ --	\$ --

**2019**

<b>Franconia Mennonite Conference</b>	<b>FMC Properties</b>	<b><u>Eliminations</u></b>	<b><u>Total</u></b>
\$ 70,302	\$ (15,045)	\$ --	\$ 55,257
10,220	222,091	--	232,311
50,815	32,609	--	83,424
1,361	(10,751)	--	(9,390)
(27,224)	(12,352)	--	(39,576)
(464)	8,174	539	8,249
(946)	(277)	--	(1,223)
(1,425)	23,740	(539)	21,776
5,775	--	--	5,775
(24,462)	--	--	(24,462)
<u>83,952</u>	<u>248,189</u>	<u>--</u>	<u>332,141</u>
(1,309)	(403,782)	--	(405,091)
--	--	--	--
63,835	190,000	--	253,835
(112,997)	(54,514)	--	(167,511)
<u>(50,471)</u>	<u>(268,296)</u>	<u>--</u>	<u>(318,767)</u>
33,481	(20,107)	--	13,374
<u>226,735</u>	<u>80,656</u>	<u>--</u>	<u>307,391</u>
<u>\$ 260,216</u>	<u>\$ 60,549</u>	<u>\$ --</u>	<u>\$ 320,765</u>
\$ 177,679	\$ 58,160	\$ --	\$ 235,839
82,537	2,389	--	84,926
<u>\$ 260,216</u>	<u>\$ 60,549</u>	<u>\$ --</u>	<u>\$ 320,765</u>
\$ --	\$ --	\$ --	\$ --

**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES  
Schedule IV - Program Services - Expenses  
For the Years Ended January 31, 2020 and 2019**

**FRANCONIA MENNONITE CONFERENCE - PROGRAM SERVICES**

	<b><u>2020</u></b>	<b><u>2019</u></b>
<b><u>Ministerial Leadership</u></b>		
Staff Support	\$ 1,850	\$ 2,691
Pastoral Assessments	4,300	1,900
Pastors Training & Education	--	100
Miscellaneous	--	16
Travel	--	9
Pastors Counseling & Spiritual Direction	4,965	3,660
Allocated Office Expense	116	165
Total Ministerial Leadership	<u>\$ 11,231</u>	<u>\$ 8,541</u>
<b><u>FMC School for Leadership Formation</u></b>		
Staff Support	\$ 3,457	\$ 24,685
Contracted Leadership Formation	1,625	--
Leadership Development	15,962	17,191
Leadership Equipping Events	489	5,173
Intercultural Conference Ministries	18,066	8,423
Pastors & Leaders Events	3,021	4,344
Youth Leadership Events	3,981	265
Sister Care Conference	1,023	12,268
Church Together Statements Task Force	1,475	3,609
Abuse, Healing & Recovery	870	1,935
LF Travel	903	257
LF Professional Development	15	--
Allocated Office Expense	251	3,224
Total School for Leadership Formation	<u>\$ 51,138</u>	<u>\$ 81,374</u>
<b><u>Global Missional Partnerships</u></b>		
Kirk Hanger's Mexico Ministry	\$ 17,847	\$ 18,805
Total Global Partnerships	<u>\$ 17,847</u>	<u>\$ 18,805</u>
<b><u>LEAD Ministries</u></b>		
LEAD Staff Support	\$ 187,373	\$ 192,432
Contracted LEADership Ministers	75,886	69,250
Conference -Wide Events	1,043	527
Miscellaneous	853	609
Travel	37,295	32,760
Professional Development	2,090	647
Allocated Office Expense	15,547	15,941
Total Congregational Resources	<u>\$ 320,087</u>	<u>\$ 312,166</u>

**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
**Schedule IV - Program Services - Expenses - Continued**  
**For the Years Ended January 31, 2020 and 2019**

**FRANCONIA MENNONITE CONFERENCE - PROGRAM SERVICES - Continued**

	<b><u>2020</u></b>	<b><u>2019</u></b>
<b><u>Leadership Cultivation</u></b>		
Staff Support	\$ 6,322	\$ 5,465
Contracted Leadership Cultivation	6,100	--
Ministry Inquiry Program	1,500	2,000
Leadership Cultivation	4,762	2,310
Miscellaneous	6,100	--
Travel	859	988
Professional Development	--	119
Allocated Office Expense	1,410	438
Total Leadership Cultivation	<u>\$ 27,053</u>	<u>\$ 11,320</u>
<b><u>Collaborative Ministries</u></b>		
Staff Support	\$ 41,822	\$ 44,209
Contracted Collaborative Ministry Support	2,130	--
Worm Project Support	2,121	1,738
Regional Ministries	9,600	9,600
Miscellaneous	4,462	3,424
Travel	14,421	8,111
Worm Project Allocated Office Expense	322	277
Allocated Office Expense	5,689	3,688
Total CRM Coordination	<u>\$ 80,567</u>	<u>\$ 71,047</u>
<b><u>Conference Assembly</u></b>		
Staff Support	\$ 18,166	\$ 13,846
Contracted Conference Assembly Coordination	10,934	5,204
Conference Assembly Communications	4,588	1,650
Honorarium	4,232	304
Hospitality & Miscellaneous	3,443	3,781
Travel	895	618
Allocated Office Expense	3,329	3,142
Total Conference Assembly	<u>\$ 45,587</u>	<u>\$ 28,545</u>
<b><u>Communications</u></b>		
Staff Support	\$ 25,551	\$ 20,107
Contracted Communications	4,507	3,850
Intersections	4,243	3,571
Miscellaneous	368	90
Travel	887	1,714
Professional Development	--	593
Web Site Development	793	733
Allocated Office Expense	7,761	7,578
Total Communications	<u>\$ 44,110</u>	<u>\$ 38,236</u>

**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES  
Schedule IV - Program Services - Expenses - Concluded  
For the Years Ended January 31, 2020 and 2019**

**FRANCONIA MENNONITE CONFERENCE - PROGRAM SERVICES - Concluded**

	<b><u>2020</u></b>	<b><u>2019</u></b>
<b><u>Ministerial Retirement Fund</u></b>		
Ministerial Retirement Support	\$ 9,325	\$ 14,750
Total Ministerial Retirement Fund	<u>\$ 9,325</u>	<u>\$ 14,750</u>
 <b><u>Missions Operational Grants</u></b>		
Missional Operations Grants - General	\$ 40,000	\$ 48,160
Missions Operational Grants	<u>\$ 40,000</u>	<u>\$ 48,160</u>
 <b><u>Missions Program Services</u></b>		
MC USA General Assembly Delegates	<u>\$ 11,303</u>	<u>\$ --</u>
 <b><u>New Missional Initiatives</u></b>		
Botijas Mennonite Church	\$ 600	\$ --
Pastoral Assistance Fund	--	100
International Worship Church	--	500
MCC Migrant Fund	760	--
Mexico Relief Fund	--	2,393
New Congregations Fund	--	3,418
Leadership Shalom Fund	--	2,575
Total Missional Initiatives	<u>\$ 1,360</u>	<u>\$ 8,986</u>

**FMC PROPERTIES - PROGRAM SERVICES**

Insurance	\$ 17,023	\$ 18,331
Utilities	5,445	7,114
Building Repairs and Maintenance	37,534	40,464
Groundskeeping and Parking Lot	37,261	45,747
Property Taxes	115,123	114,816
Depreciation	225,927	222,091
In-Kind Rental Contribution	187,100	187,100
Miscellaneous	1,105	1,297
Total FMC Properties	<u>\$ 626,518</u>	<u>\$ 636,960</u>



**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES  
Schedule V - Supporting Services - Expenses  
For the Years Ended January 31, 2020 and 2019**

**FRANCONIA MENNONITE CONFERENCE - SUPPORTING SERVICES**

	<b><u>2020</u></b>	<b><u>2019</u></b>
<b><u>Conference Board</u></b>		
Staff Support	\$ 11,491	\$ 21,841
Miscellaneous	2,356	1,016
Travel	10,353	3,794
Allocated Office Expense	1,680	2,774
Total Conference Board	<u>\$ 25,880</u>	<u>\$ 29,425</u>
 <b><u>Executive Committee</u></b>		
Staff Support	\$ 44,681	\$ 47,012
Contracted Consultants	--	1,822
Miscellaneous	84	295
Travel	11,366	10,565
Professional Development	322	1,535
Allocated Office Expense	3,257	5,404
Total Executive Committee	<u>\$ 59,710</u>	<u>\$ 66,633</u>
 <b><u>Ministerial Committee</u></b>		
Staff Support	\$ 48,735	\$ 52,018
Credentials Committee	1,697	1,541
Miscellaneous	226	62
Travel	88	915
Allocated Office Expense	6,336	5,672
Total Ministerial Committee	<u>\$ 57,082</u>	<u>\$ 60,208</u>
 <b><u>Finance Committee</u></b>		
Staff Support	\$ 37,288	\$ 38,123
Legal Fees	135	906
Accounting Fees	7,723	7,273
Payroll Processing	2,419	2,373
Service Fees	39	5
Miscellaneous	100	--
Travel	420	137
Professional Development	--	130
Allocated Office Expense	4,548	4,970
Total Finance Committee	<u>\$ 52,672</u>	<u>\$ 53,917</u>

**FRANCONIA MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES  
Schedule V - Supporting Services - Expenses - Concluded  
For the Years Ended January 31, 2020 and 2019**

**FRANCONIA MENNONITE CONFERENCE - SUPPORTING SERVICES - Concluded**

	<b><u>2020</u></b>	<b><u>2019</u></b>
<b><u>Conference Office</u></b>		
Salaries and Benefits:		
Staff Salaries	\$ 358,180	\$ 397,829
Payroll Taxes	27,660	29,713
Fringe Benefits	100,659	116,046
Less: Staff Wages and Benefits Allocation	(486,499)	(543,588)
Total Salaries and Benefits	<u>          --          </u>	<u>          --          </u>
Office Overhead:		
Maintenance and Repairs	5,775	5,920
Rent	30,000	30,000
Telephone	9,851	10,102
Insurance	3,760	3,031
Postage	452	1,123
Network/Web Site Expense	3,640	2,760
Office Supplies	6,641	8,239
Less: Office Expense Allocation	(65,344)	(65,788)
Meeting Room Expense	7,808	7,814
Depreciation	8,755	10,220
Common Area - Salary and Benefits	5,225	4,614
Total Office Overhead	<u>16,563</u>	<u>18,035</u>
Total Conference Office	<u><u>\$ 16,563</u></u>	<u><u>\$ 18,035</u></u>

**FMC PROPERTIES - SUPPORTING SERVICES**

Professional Fees	\$ 6,232	\$ 5,315
Salary and Benefits	41,371	40,755
Office Expense	7,289	4,700
Total FMC Properties	<u><u>\$ 54,892</u></u>	<u><u>\$ 50,770</u></u>