

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

**Audited Consolidated Financial Statements**

**For The Years Ended  
January 31, 2022 and 2021**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the accompanying consolidated financial statements of Franconia Mennonite Conference T/A Mosaic Mennonite Conference (a nonprofit organization) and Franconia Mennonite Board of Missions and Charities T/A FMC Properties (a nonprofit organization), which comprise the consolidated statement of financial position as of January 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Franconia Mennonite Conference T/A Mosaic Mennonite Conference (a nonprofit organization) and Franconia Mennonite Board of Missions and Charities T/A FMC Properties (a nonprofit organization) as of January 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Franconia Mennonite Conference T/A Mosaic Mennonite Conference (a nonprofit organization) and Franconia Mennonite Board of Missions and Charities T/A FMC Properties (a nonprofit organization) and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Franconia Mennonite Conference T/A Mosaic Mennonite Conference (a nonprofit organization) and Franconia Mennonite Board of Missions and Charities T/A FMC Properties (a nonprofit organization)'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Franconia Mennonite Conference T/A Mosaic Mennonite Conference (a nonprofit organization) and Franconia Mennonite Board of Missions and Charities T/A FMC Properties (a nonprofit organization)'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Franconia Mennonite Conference T/A Mosaic Mennonite Conference (a nonprofit organization) and Franconia Mennonite Board of Missions and Charities T/A FMC Properties (a nonprofit organization)'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Schedules I – V are presented for purposes of additional analysis and are 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional 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.

July 28, 2022

Detweiler, Hershey & Associates, P.C.  
DETWEILER, HERSHEY & ASSOCIATES, P.C.  
Certified Public Accountants

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

**Consolidated Statements of Financial Position**

**January 31, 2022 and 2021**

	<u><b>2022</b></u>	<u><b>2021</b></u>
<u><b>Assets</b></u>		
Current Assets:		
Cash	\$ 732,055	\$ 683,345
Cash - Designated	--	114,303
Cash Held for Others	245,277	275,186
Accounts and Rent Receivable	2,913	4,115
Current Portion of Loan Receivable	4,000	4,000
Prepaid Expenses	61,610	63,329
Total Current Assets	<u>1,045,855</u>	<u>1,144,278</u>
Property and Equipment, Net of Accumulated Depreciation	<u>3,463,284</u>	<u>3,673,524</u>
Other Assets:		
Investments	2,568,075	2,262,637
Loans Receivable	114,925	57,425
Church Buildings	55,014	55,014
Total Other Assets	<u>2,738,014</u>	<u>2,375,076</u>
<b>Total Assets</b>	<u><u>\$ 7,247,153</u></u>	<u><u>\$ 7,192,878</u></u>
<u><b>Liabilities and Net Assets</b></u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 43,146	\$ 67,800
Accrued Wages and Payroll Taxes	5,214	19,285
Agency Funds	173,403	189,673
Security Deposit	2,389	2,389
Total Current Liabilities	<u>224,152</u>	<u>279,147</u>
Long Term Liabilities:		
Long Term Debt - Paycheck Protection Program	<u>--</u>	<u>97,900</u>
Net Assets:		
Without Donor Restrictions	6,436,476	6,235,647
With Donor Restrictions	586,525	580,184
Total Net Assets	<u>7,023,001</u>	<u>6,815,831</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 7,247,153</u></u>	<u><u>\$ 7,192,878</u></u>

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

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

**Consolidated Statements of Activities  
For the Years Ended January 31, 2022 and 2021**

	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenue, Gains and Other Support:			
Contributions - Congregations	\$ 433,329	\$ --	\$ 433,329
Contributions - Other	109,209	97,574	206,783
Equipping Event Income	15,700	--	15,700
Rental and Maintenance Income	1,126,834	--	1,126,834
Investment Income	96,433	36,153	132,586
Forgiveness of Paycheck Protection Program Loan	97,900	--	97,900
Miscellaneous Income	4,171	--	4,171
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	127,386	(127,386)	--
<b>Total Revenue, Gains and Other Support</b>	<b>2,010,962</b>	<b>6,341</b>	<b>2,017,303</b>
Expenses and Losses:			
Program Services:			
Credentialing Leaders	69,503	--	69,503
Leadership Equipping & Development	459,518	--	459,518
Young Leadership Cultivation	24,265	--	24,265
Conference Assembly	45,166	--	45,166
Collaborative Ministries	115,779	--	115,779
Communications	118,411	--	118,411
New Missional Initiatives	85,676	--	85,676
Global Missional Partnerships	19,855	--	19,855
Ministerial Retirement Fund	8,125	--	8,125
Property Expense	631,472	--	631,472
<b>Total Program Services</b>	<b>1,577,770</b>	<b>--</b>	<b>1,577,770</b>
Supporting Services:			
Conference Board	10,634	--	10,634
Executive Committee	95,350	--	95,350
Finance Committee	53,572	--	53,572
Conference Office	23,649	--	23,649
Property Expense	49,158	--	49,158
<b>Total Supporting Services</b>	<b>232,363</b>	<b>--</b>	<b>232,363</b>
<b>Total Expenses and Losses</b>	<b>1,810,133</b>	<b>--</b>	<b>1,810,133</b>
<b>Change in Net Assets</b>	<b>200,829</b>	<b>6,341</b>	<b>207,170</b>
Net Assets at Beginning of Year	6,235,647	580,184	6,815,831
<b>Net Assets at End of Year</b>	<b>\$ 6,436,476</b>	<b>\$ 586,525</b>	<b>\$ 7,023,001</b>

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

2021		
<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
\$ 401,803	\$ --	\$ 401,803
39,504	202,024	241,528
1,653	--	1,653
1,111,045	--	1,111,045
132,591	51,059	183,650
--	--	--
4,949	--	4,949
184,818	(184,818)	--
<u>1,876,363</u>	<u>68,265</u>	<u>1,944,628</u>
58,638	--	58,638
428,723	--	428,723
15,222	--	15,222
45,217	--	45,217
90,913	--	90,913
111,733	--	111,733
130,745	--	130,745
17,116	--	17,116
7,825	--	7,825
607,821	--	607,821
<u>1,513,953</u>	<u>--</u>	<u>1,513,953</u>
22,909	--	22,909
93,621	--	93,621
61,776	--	61,776
21,031	--	21,031
41,528	--	41,528
<u>240,865</u>	<u>--</u>	<u>240,865</u>
<u>1,754,818</u>	<u>--</u>	<u>1,754,818</u>
121,545	68,265	189,810
<u>6,114,102</u>	<u>511,919</u>	<u>6,626,021</u>
<u>\$ 6,235,647</u>	<u>\$ 580,184</u>	<u>\$6,815,831</u>

**FRANCONIA MENNONITE CONFERENCE T/A MOSAIC MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended January 31, 2022**

**Program Services**

	<u>Credentiailling Leaders</u>	<u>Leadership Equipping &amp; Development</u>	<u>Conference-wide Ministries Communication</u>	<u>Collaborative &amp; Regional Ministries</u>	<u>FMC Properties</u>	<u>Total</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Salaries & Benefits	\$ 43,605	\$ 208,322	\$ 102,420	\$ 61,099	\$ --	\$ 415,446	\$ 180,422	\$ 595,868
Contractors	--	109,465	24,831	159	--	134,455	--	134,455
Travel	380	34,419	4,833	2,111	--	41,743	13,869	55,612
Professional Development	--	1,803	--	--	--	1,803	25	1,828
Training & Counseling	6,072	37,388	1,000	--	--	44,460	--	44,460
Grants	1,000	54,890	--	149,224	187,100	392,214	--	392,214
Publications & Other Communications	--	--	4,770	--	--	4,770	--	4,770
Events	10,788	1,054	4,308	7,690	--	23,840	--	23,840
Utilities	--	--	--	--	7,596	7,596	--	7,596
Real Estate Taxes	--	--	--	--	117,020	117,020	--	117,020
Repairs & Maintenance	--	--	--	--	25,460	25,460	--	25,460
Groundskeeping	--	--	--	--	48,195	48,195	--	48,195
Professional Fees	--	--	--	--	--	--	15,045	15,045
Office	7,556	35,800	18,904	8,834	--	71,094	7,196	78,290
Insurance	--	--	--	--	19,635	19,635	4,279	23,914
Depreciation	--	--	--	--	226,466	226,466	9,633	236,099
Service Charges	--	--	--	--	--	--	349	349
Miscellaneous	102	642	2,511	318	--	3,573	1,545	5,118
Totals	<u>\$ 69,503</u>	<u>\$ 483,783</u>	<u>\$ 163,577</u>	<u>\$ 229,435</u>	<u>\$ 631,472</u>	<u>\$1,577,770</u>	<u>\$ 232,363</u>	<u>\$ 1,810,133</u>

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



**FRANCONIA MENNONITE CONFERENCE T/A MOSAIC MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended January 31, 2021**

**Program Services**

	<b><u>Credentiailling Leaders</u></b>	<b><u>Leadership Equipping &amp; Development</u></b>	<b><u>Conference-wide Ministries Communication</u></b>	<b><u>Collaborative &amp; Regional Ministries</u></b>	<b><u>FMC Properties</u></b>	<b><u>Total</u></b>	<b><u>General and Administrative</u></b>	<b><u>Total Expenses</u></b>
Salaries & Benefits	\$ 35,575	\$ 198,169	\$ 85,201	\$ 34,066	\$ --	\$ 353,011	\$ 169,942	\$ 522,953
Contractors	--	122,945	33,553	13	--	156,511	2,328	158,839
Travel	137	10,787	2,710	698	--	14,332	9,117	23,449
Professional Development	--	1,122	--	--	--	1,122	545	1,667
Training & Counseling	9,092	24,496	1,500	--	--	35,088	--	35,088
Grants	3,200	48,096	--	199,382	187,100	437,778	--	437,778
Publications & Other								
Communications	--	--	6,479	--	--	6,479	--	6,479
Events	3,429	793	1,910	--	--	6,132	--	6,132
Utilities	--	--	--	--	7,518	7,518	--	7,518
Real Estate Taxes	--	--	--	--	117,020	117,020	--	117,020
Repairs & Maintenance	--	--	--	--	23,819	23,819	--	23,819
Groundskeeping	--	--	--	--	28,153	28,153	--	28,153
Professional Fees	--	--	--	--	--	--	22,676	22,676
Office	7,026	37,248	24,611	8,168	--	77,053	20,575	97,628
Insurance	--	--	--	--	17,877	17,877	3,708	21,585
Depreciation	--	--	--	--	225,990	225,990	6,556	232,546
Service Charges	--	--	--	--	--	--	1,186	1,186
Miscellaneous	179	289	986	4,272	344	6,070	4,232	10,302
Totals	<u>\$ 58,638</u>	<u>\$ 443,945</u>	<u>\$ 156,950</u>	<u>\$ 246,599</u>	<u>\$ 607,821</u>	<u>\$ 1,513,953</u>	<u>\$ 240,865</u>	<u>\$ 1,754,818</u>

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

**FRANCONIA MENNONITE CONFERENCE T/A MOSAIC 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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 207,170	\$ 189,810
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	236,099	232,546
Forgiveness of Paycheck Protection Program Loan	(97,900)	--
Loss on Disposal of Equipment	--	25,209
Unrealized Gain on Investments	(34,789)	(115,798)
Realized Gain on Investments	(33,983)	(38,911)
Reinvestment of Investment Income	(63,326)	(28,568)
(Increase) Decrease in Operating Assets:		
Accounts and Rents Receivable	1,502	(545)
Prepaid Expenses	1,719	(4,121)
Increase (Decrease) in Operation Liabilities:		
Accounts Payable and Accrued Expenses	(24,954)	32,821
Accrued Wages and Payroll Taxes	(14,071)	3,765
Agency Funds	(16,270)	111,279
Net Cash Provided by Operating Activities	<u>161,197</u>	<u>407,487</u>
Cash Flows from Investing Activities:		
Acquisition of Property and Equipment	(25,859)	(139,419)
Advance of Loans Receivable	(61,000)	--
Repayments on Loan Receivable	3,500	17,800
Proceeds from Investments	74,966	97,721
Purchase of Investments	(248,306)	(26,733)
Net Cash Used by Investing Activities	<u>(256,699)</u>	<u>(50,631)</u>
Cash Flows from Financing Activities:		
Proceeds from Long Term Debt - Paycheck Protection Program	--	97,900
Net Cash Provided by Financing Activities	<u>--</u>	<u>97,900</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(95,502)	454,756
Cash and Cash Equivalents- Beginning of Year	<u>1,072,834</u>	<u>618,078</u>
Cash and Cash Equivalents - End of Year	<u>\$ 977,332</u>	<u>\$ 1,072,834</u>
<u>Cash Reconciliation</u>		
Cash and Cash Equivalents	\$ 732,055	\$ 683,345
Cash - Designated	--	114,303
Cash and Cash Equivalents - Held for Others	245,277	275,186
Total Cash, Cash Equivalents and Held for Others Cash	<u>\$ 977,332</u>	<u>\$ 1,072,834</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 T/A MOSIAC MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
**Notes To Consolidated Financial Statements**  
**January 31, 2022 and 2021**

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

General Information

Franconia Mennonite Conference T/A Mosaic Mennonite Conference (Conference) is an association of Mennonite congregations, centered chiefly in southeastern Pennsylvania and other northeastern states and a few in California and Florida. 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.

On February 1, 2020, Franconia Mennonite Conference (FMC) and Eastern District Conference (EDC) merged together. 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 were merged into the new unified conference, which utilizes FMC's employer identification number. The legal name, as registered with the Commonwealth of Pennsylvania, is Franconia Mennonite Conference, dba Mosaic Mennonite Conference.

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) is included under the Conference's 501(c)(3) blanket exemption. 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.

Basis of Accounting

The consolidated financial statements of the Franconia Mennonite Conference T/A Mosaic 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.

**FRANCONIA MENNONITE CONFERENCE T/A MOSIAC MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
**Notes To Consolidated Financial Statements - Continued**  
**January 31, 2022 and 2021**

Note 1 - Continued:

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.

Consolidated Financial Statements

The accompanying consolidated financial statements include the net assets and financial activities of the Conference and FMC Properties. All significant balances and transactions between the Organizations have been eliminated.

Since the officers of both the Conference and 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' programs, interest and dividends earned on investments and rental activity. Nonoperation activities are limited to resources that generate returns 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.

**FRANCONIA MENNONITE CONFERENCE T/A MOSIAC MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
**Notes To Consolidated Financial Statements - Continued**  
**January 31, 2022 and 2021**

Note 1 - Continued:

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, 2022 and 2021 is \$0.

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 expensed 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, 2022 and 2021, the Organizations exceeded the insured amount by \$688,837 and \$631,863, respectively. FMC Properties receives 75.2% and 75.4% of their rental income from one organization (excluding rent in-kind income) for years ended January 31, 2022 and 2021, respectively. The Conference has a loan receivable from four organizations in the amount of \$107,925 and \$61,425 outstanding as of January 31, 2022 and 2021, respectively. FMC Properties has a loan receivable from one organization in the amount of \$11,000 and \$0 outstanding as of January 31, 2022 and 2021, 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 changes could materially and adversely affect the Organization's investment balances.

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Note 1 - Continued:

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.

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 an in-kind donation to that organization. For the years ended January 31, 2022 and 2021, the amount recognized as in-kind donation was \$194,528 and \$195,996, respectively.

Contributed Services and Materials

The Organizations periodically receive contributed services and materials in connection with its program services and construction projects. These contributions, when received, 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, 2022 and 2021, the Organizations received \$0.

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 July 28, 2022, the date the consolidated financial statements were available to be issued.

Note 2 - Church Buildings:

Details of church building costs at January 31, 2022 and 2021 follow:

	<u>2022</u>	<u>2021</u>
Whitehall Mennonite Church, Whitehall, PA	\$30,014	\$30,014
Project Haven, E. Greenville, PA	<u>25,000</u>	<u>25,000</u>
Total	<u>\$55,014</u>	<u>\$55,014</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. 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.

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**January 31, 2022 and 2021**

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, 2022 and 2021 were \$22,652 and \$20,301, respectively. Investments are managed by Everence - The Mennonite Foundation, Inc. (Ministry Resource Fund, Church Plant Fund, Leadership Training 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, 2022 and 2021, by major components, follows:

	<u>2022</u>	<u>2021</u>
Univest Bank and Trust Company:		
Business Savings Account	\$ 62,890	\$ 61,985
Everence - The Mennonite Foundation, Inc.:		
Cash and Cash Equivalents	54,747	17,540
Domestic Bond Funds	614,948	460,325
Domestic Equities	486,136	449,020
International Equities	221,314	208,114
Real Estate	70,068	57,568
Alternative Investments	<u>111,717</u>	<u>95,608</u>
Total	<u>1,558,930</u>	<u>1,288,175</u>
SEI (Capital Reserve Fund):		
Cash and Cash Equivalents	6,052	13,181
Domestic Fixed Income	583,461	589,129
Domestic Equities	271,202	287,407
International Fixed Income	81,842	11,405
International Equities	<u>9</u>	<u>7,669</u>
Total	<u>942,566</u>	<u>908,791</u>
MMA Praxis Funds – Money Market Funds	<u>3,689</u>	<u>3,686</u>
Total Investments	<u>\$2,568,075</u>	<u>\$2,262,637</u>

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

	<u>2022</u>	<u>2021</u>
Interest and Dividends	\$ 86,466	\$ 49,242
Realized Gain (Loss)	33,983	38,911
Unrealized Gain (Loss)	<u>34,789</u>	<u>115,798</u>
Investment Income	155,238	203,951
Fees	<u>(22,652)</u>	<u>(20,301)</u>
Net Investment Income (Loss)	<u>\$ 132,586</u>	<u>\$ 183,650</u>

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**Notes To Consolidated Financial Statements - Continued**  
**January 31, 2022 and 2021**

Note 4 - Property and Equipment:

A summary of the property and equipment as of January 31, 2022 and 2021 follows:

	<u>2022</u>	<u>2021</u>
Office Furniture and Equipment	\$ 47,897	\$ 45,491
Leasehold Improvements	128,601	126,606
Land and Buildings – Emily Street	202,920	202,920
Land and Buildings – Indian Creek Farm	530,824	517,485
Land and Buildings – Souderton Shopping Center	<u>6,419,735</u>	<u>6,411,616</u>
	7,329,977	7,304,118
Less: Accumulated Depreciation	<u>(3,866,693)</u>	<u>(3,630,594)</u>
Net Property and Equipment	<u>\$ 3,463,284</u>	<u>\$ 3,673,524</u>

Depreciation expense for the year ended January 31, 2022 and 2021 was \$236,099 and \$232,546, respectively.

Note 5 - Loan Receivable:

	<u>2022</u>	<u>2021</u>
Loan receivable – Nation’s Worship, 0%, to be repaid when property sold or transferred, secured by property mortgage	\$ 40,126	\$ 40,126
Loan Receivable – Nueva Vida Norristown New Life, 0%, no set maturity date, advance on property renovations - Conference	50,000	--
Loan Receivable – Germantown Mennonite Historic Trust, 0%, unsecured, \$250 due each month - Conference	15,239	17,739
Loan Receivable – Project Haven, 0%, unsecured, \$250 due each quarter - Conference	2,560	3,560
Loan Receivable – CIEAMM, 0%, no set maturity date, unsecured, advance on property settlement costs – FMC Properties	11,000	--
Less: Current Portion	<u>(4,000)</u>	<u>(4,000)</u>
Long Term Portion	<u>\$ 114,925</u>	<u>\$ 57,425</u>

Note 6 - 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 amount outstanding at January 31, 2022 and 2021 is \$0.

Note 7 - 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 (3.25% - 2022 and 2021). The line of credit is unsecured. Amount outstanding at January 31, 2022 and 2021, was \$0.

Note 8 - Debt:

Details of debt follow:

	<u>2022</u>	<u>2021</u>
Paycheck Protection Program (PPP); through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act); The PPP loan program has an interest rate of 1%, the loan is unsecured, forgiven May 3, 2021	\$ --	\$ 97,900
Less Current Portion	<u>--</u>	<u>--</u>
Long Term Portion	<u>\$ --</u>	<u>\$ 97,900</u>



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**Notes To Consolidated Financial Statements - Continued**  
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Note 8 - Continued:

Total interest costs incurred and expensed on all debt for the years ended January 31, 2022 and 2021 was \$0.

The Conference entered into a loan agreement pursuant to the Paycheck Protection Program (PPP) under the recently enacted Coronavirus Aid, Relief, and Economic Security Act (CARES Act) administered by the U.S. Small Business Administration (SBA). The Conference received total loan proceeds of \$97,900. The loan was scheduled to mature in May 2022, carried a 1% interest rate, and was subject to the terms and conditions applicable to loans administered by the SBA under the CARES Act. The loan may be prepaid by the Conference at any time prior to maturity with no prepayment penalties. The loan contains customary events of default relating to, among other things, payment defaults and breaches of representations and warranties. Subject to certain conditions, the loan may be forgiven in whole or in part by applying for forgiveness pursuant to the CARES Act and the PPP. The amount of loan proceeds eligible for forgiveness is determined on a formula based on a number of factors, including the amount of loan proceeds used by the Conference during the 24 weeks after the loan origination for certain purposes, including payroll costs, interest on certain mortgage obligations, rent payments on certain leases, and certain qualified utility payments, provided that, among other matters, at least 60% of the loan amount is used for eligible payroll costs, the maintenance or rehiring of employees, and maintaining salaries at certain levels. In accordance with the requirements of the CARES Act and the PPP, the Conference intends to use the proceeds from the loan primarily for payroll costs. On May 3, 2021, the entire amount of the PPP loan was forgiven.

Note 9 - 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.

Note 10 - Ministerial Retirement Fund:

The Conference has designated funds amounting to \$62,890 and \$61,985 as of January 31, 2022 and 2021, 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, 2022 and 2021, was \$8,125 and \$7,825.

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 8% of participants' annual salaries for the years ended January 31, 2022 and 2021. Total retirement plan contributions for the years ended January 31, 2022 and 2021 was \$26,044 and \$24,207, respectively.

Note 12 - Net Assets:

Net assets without donor restrictions at January 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Franconia Mennonite Conference:		
Designated – Ministerial Retirement Plan	\$ 64,115	\$ 61,985
Designated – Church Planting	179,644	215,666
Designated – Leadership Training	202,548	188,525
Undesignated – Mosaic Mennonite Conference	1,047,164	819,231
Undesignated – FMC Properties	<u>4,943,005</u>	<u>4,950,240</u>
Total Net Assets without Donor Restrictions	<u>\$ 6,436,476</u>	<u>\$ 6,235,647</u>

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Notes To Consolidated Financial Statements - Continued  
January 31, 2022 and 2021**

Note 12 - Continued

Net assets with donor restrictions at January 31, 2022 and 2021 are as follows:

Subject to Purpose Restrictions:	<u>2022</u>	<u>2021</u>
Missions Fund	\$ 529,723	\$ 509,880
Mosaic Institute	25,088	770
Shalom Mutual Aid Fund	27,830	49,871
Funds to Assist Various Congregations	2,277	17,292
Miscellaneous	<u>1,607</u>	<u>2,371</u>
Total Net Assets with Donor Restrictions	<u>\$ 586,525</u>	<u>\$ 580,184</u>

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

Satisfaction of Purpose Restrictions:	<u>2022</u>	<u>2021</u>
Missions Fund	\$ 20,000	\$ 36,800
Shalom Mutual Aid Fund	59,871	129,995
Mosaic Institute	11,382	--
Miscellaneous	<u>36,133</u>	<u>18,023</u>
Total Satisfaction of Purpose Restrictions	<u>\$ 127,386</u>	<u>\$ 184,818</u>

Note 13 - Availability and Liquidity:

The following represents the Organizations' financial assets at January 31, 2022 and 2021:

Financial Assets at January 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 732,055	\$ 683,345
Cash and Cash Equivalents – Designated	--	114,303
Investments	2,568,075	2,262,637
Accounts and Rent Receivable	<u>2,913</u>	<u>4,115</u>
Total Financial Assets	<u>3,303,043</u>	<u>3,064,400</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	( 586,525)	( 580,184)
Board Designations	<u>( 466,307)</u>	<u>( 466,176)</u>
Total Unavailable	<u>(1,052,832)</u>	<u>(1,046,360)</u>

Financial Assets Available to Meet General Expenditures over the Next Twelve Months	<u>\$ 2,250,211</u>	<u>\$ 2,018,040</u>
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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 7) available to meet cash flow needs.

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**Notes To Consolidated Financial Statements - Continued**  
**January 31, 2022 and 2021**

Note 14 - 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. From August 1, 2020 to November 30, 2020, the Conference leased space from Bee Investments in Hatfield at \$500 per month while new offices were being renovated. The Conference signed a new five year lease for office space from Dock Mennonite Academy to begin on December 1, 2020. Monthly rent is \$3,500 and the Conference can renew the lease for three additional five year terms. Finally, the Conference rents on a month-to-month basis storage space for \$66 a month. Rent expense was \$42,717 and \$28,098 for the years ended January 31, 2022 and 2021, respectively. Future minimum rent is \$42,000 for each of the years ended January 31, 2023 through January 31, 2025 and \$35,000 for the year ended January 31, 2026.

In October 2018, the conference subleased part of their office facilities to The Mennonite, for \$100 per month. Total rental income received for the year ended January 31, 2021 amounted to \$600. The lease ended August 31, 2020. Rental income from the sublease is included with rental income for consolidated financial statement presentation.

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 each of the years ended January 31, 2022 and 2021 was \$9,000. Future minimum rent to be received is \$8,250 for the year ended January 31, 2023.

Church Building

The Conference leased the East Greenville church building to Project Haven/Bike and Sol on a one year basis in October 2020 with a one year renewal option. 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 rental income. Rental income, including in-kind contribution, for the years ended January 31, 2022 and 2021 was \$9,600. The rental income includes an in-kind contribution component of \$7,428 and \$8,896 for the years ended January 31, 2022 and 2021, respectively.

Souderton Shopping Center

FMC Properties leases an office to an organization (Weaver, Reckner & Reinhart) under an operating lease expiring December 2023. Monthly rent payments for calendar year 2006 and thereafter are \$3,458 plus CPI. As of January 31, 2022, monthly rent payments are \$5,065. The lessee also pays an annual CAM of \$2,300 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 years ended January 31, 2022 and 2021 was \$44. Rental income for the years ended January 31, 2022 and 2021 was \$60,994 and \$60,315, respectively.

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**Notes To Consolidated Financial Statements - Continued**  
**January 31, 2022 and 2021**

Note 14 - Continued:

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, 2022, monthly rent payments are \$4,882. The lessee also pays an annual CAM of \$2,300 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 years ended January 31, 2022 and 2021 was \$41. Rental income for the years ended January 31, 2022 and 2021 was \$58,872 and \$58,217, respectively.

FMC Properties leases a store to an organization (Parma John's) on a month-to-month basis. Monthly rent payments were \$2,602. The lessee also pays a monthly CAM, which is adjusted at end of period to actual expenses incurred. Rental income, including CAM, for the year ended January 31, 2022 and 2021 was \$41,970 and \$41,122, respectively.

FMC Properties leases six stores to an organization (Care and Share) under an operating lease expiring January 2024. 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 \$37,777 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 \$11.92/sq ft and offsets that with an in-kind contribution expense. The amount of the in-kind contribution expense for the years ending January 31, 2022 and 2021 was \$187,100. Rental income, including CAM and in-kind contribution, for the years ended January 31, 2022 and 2021 was \$888,162 and \$873,955, respectively.

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

<u>January 31,</u>	
2023	\$ 556,973
2024	<u>547,414</u>
	<u>\$1,104,387</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, 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, 2022 and 2021 amounted to \$30,206.

Future minimum lease rental income is as follows:

<u>January 31,</u>	
2023	\$ 30,206
2024	<u>27,689</u>
	<u>\$ 57,895</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. Starting January 1, 2014, monthly rental income will be \$2,336. Future minimum rent to be received is \$28,030 - 2023. Total rental income for each of the years ended January 31, 2022 and 2021 amounted to \$28,030.

	<u>2022</u>	<u>2021</u>
Rental Income	\$ 58,236	\$ 58,236
Rental Expense	<u>(38,287)</u>	<u>(31,814)</u>
Net	<u>\$ 19,949</u>	<u>\$ 26,422</u>

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**Notes To Consolidated Financial Statements - Continued**  
**January 31, 2022 and 2021**

Note 15 - 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 the years ended January 31, 2022 and 2021, the Organizations incurred approximately \$429 in fundraising costs which are included under general and administrative expenses.

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, 2022 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and Cash Equivalents	\$ 127,378	\$ --	\$ --	\$ 127,378
U.S. Bond Funds	1,198,409	--	--	1,198,409
U.S. Equity Funds	757,338	--	--	757,338
International Equity Fund	303,156	--	--	303,156
Real Estate Funds	70,068	--	--	70,068
Alternative Investment Funds	111,726	--	--	111,726
Total	<u>\$2,568,075</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$2,568,075</u>

Fair values of assets measured on a recurring basis at January 31, 2021 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash and Cash Equivalents	\$ 96,394	\$ --	\$ --	\$ 96,394
U.S. Bond Funds	1,049,454	--	--	1,049,454
U.S. Equity Funds	736,427	--	--	736,427
International Bond Funds	11,405	--	--	11,405
International Equity Fund	215,782	--	--	215,782
Real Estate Funds	57,568	--	--	57,568
Alternative Investment Funds	95,607	--	--	95,607
Total	<u>\$2,262,637</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$2,262,637</u>

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Notes To Consolidated Financial Statements - Concluded  
January 31, 2022 and 2021**

Note 17 - 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.

SUPPLEMENTARY INFORMATION

**FRANCONIA MENNONITE CONFERENCE T/A MOSAIC MENNONITE CONFERENCE and  
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**Schedule I - Consolidating Statements of Financial Position**

**January 31, 2022 and 2021**

	<b>2022</b>			
	<b>Mosaic Mennonite Conference</b>	<b>FMC Properties</b>	<b>Eliminations</b>	<b>Totals</b>
<b><u>Assets</u></b>				
Current Assets:				
Cash	\$ 204,526	\$ 527,529	\$ --	\$ 732,055
Cash - Designated	--	--	--	--
Cash Held for Others	242,888	2,389	--	245,277
Accounts and Rent Receivable	7,020	427	(4,534)	2,913
Current Portion of Loan Receivable	4,000	--	--	4,000
Prepaid Expenses	12,936	48,674	--	61,610
Total Current Assets	<u>471,370</u>	<u>579,019</u>	<u>(4,534)</u>	<u>1,045,855</u>
Property and Equipment, Net of Accumulated Depreciation	<u>121,382</u>	<u>3,341,902</u>	<u>--</u>	<u>3,463,284</u>
Other Assets:				
Investments	1,621,820	946,255	--	2,568,075
Loans Receivable	103,925	58,500	(47,500)	114,925
Church Buildings	--	55,014	--	55,014
Total Other Assets	<u>1,725,745</u>	<u>1,059,769</u>	<u>(47,500)</u>	<u>2,738,014</u>
<b>Total Assets</b>	<u><u>\$ 2,318,497</u></u>	<u><u>\$ 4,980,690</u></u>	<u><u>\$ (52,034)</u></u>	<u><u>\$ 7,247,153</u></u>
<b><u>Liabilities and Net Assets</u></b>				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 12,384	\$ 35,296	\$ (4,534)	\$ 43,146
Accrued Wages and Payroll Taxes	5,214	--	--	5,214
Agency Funds	173,403	--	--	173,403
Security Deposit	--	2,389	--	2,389
Total Current Liabilities	<u>191,001</u>	<u>37,685</u>	<u>(4,534)</u>	<u>224,152</u>
Long Term Liabilities:				
Long Term Debt	<u>47,500</u>	<u>--</u>	<u>(47,500)</u>	<u>--</u>
Net Assets:				
Without Donor Restrictions	1,493,471	4,943,005	--	6,436,476
With Donor Restrictions	586,525	--	--	586,525
Total Net Assets	<u>2,079,996</u>	<u>4,943,005</u>	<u>--</u>	<u>7,023,001</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 2,318,497</u></u>	<u><u>\$ 4,980,690</u></u>	<u><u>\$ (52,034)</u></u>	<u><u>\$ 7,247,153</u></u>



2021

<u>Mosaic Mennonite Conference</u>	<u>FMC Properties</u>	<u>Eliminations</u>	<u>Totals</u>
\$ 352,438	\$ 330,907	\$ --	\$ 683,345
114,303	--	--	114,303
272,797	2,389	--	275,186
8,398	401	(4,684)	4,115
4,000	--	--	4,000
13,966	49,363	--	63,329
<u>765,902</u>	<u>383,060</u>	<u>(4,684)</u>	<u>1,144,278</u>
126,614	3,546,910	--	3,673,524
1,350,160	912,477	--	2,262,637
57,425	97,500	(97,500)	57,425
--	55,014	--	55,014
<u>1,407,585</u>	<u>1,064,991</u>	<u>(97,500)</u>	<u>2,375,076</u>
<u>\$ 2,300,101</u>	<u>\$ 4,994,961</u>	<u>\$ (102,184)</u>	<u>\$ 7,192,878</u>
\$ 30,152	\$ 42,332	\$ (4,684)	\$ 67,800
19,285	--	--	19,285
189,673	--	--	189,673
--	2,389	--	2,389
<u>239,110</u>	<u>44,721</u>	<u>(4,684)</u>	<u>279,147</u>
195,400	--	(97,500)	97,900
1,285,407	4,950,240	--	6,235,647
580,184	--	--	580,184
<u>1,865,591</u>	<u>4,950,240</u>	<u>--</u>	<u>6,815,831</u>
<u>\$ 2,300,101</u>	<u>\$ 4,994,961</u>	<u>\$ (102,184)</u>	<u>\$ 7,192,878</u>

**FRANCONIA MENNONITE CONFERENCE T/A MOSAIC 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, 2022 and 2021**

	2022				
	Mosaic Mennonite Conference			FMC Properties	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Consolidated Total
Revenue, Gains and Other Support:					
Contributions - Congregations	\$ 433,329	\$ --	\$ 433,329	\$ --	\$ 433,329
Contributions - Other	119,209	97,574	216,783	--	216,783
Equipping Event Income	15,700	--	15,700	--	15,700
Rental and Maintenance Income	7,428	--	7,428	1,119,406	1,126,834
Management Fee/Contribution	470,004	--	470,004	--	470,004
Investment Income	62,440	36,153	98,593	33,993	132,586
Forgiveness of Paycheck Protection Program Loan	97,900	--	97,900	--	97,900
Miscellaneous Income	4,171	--	4,171	--	4,171
Net Assets Released from Restrictions:					
Satisfaction of Program Restrictions	127,386	(127,386)	--	--	--
Total Revenue, Gains and Other Support	1,337,567	6,341	1,343,908	1,153,399	2,497,307
Expenses and Losses:					
Program Services:					
Credentialing Leaders	69,503	--	69,503	--	69,503
Leadership Equipping & Development	459,518	--	459,518	--	459,518
Young Leadership Cultivation	24,265	--	24,265	--	24,265
Conference-wide Ministries	45,166	--	45,166	--	45,166
Regional Ministries	115,779	--	115,779	--	115,779
Communications	118,411	--	118,411	--	118,411
New Missional Initiatives	85,676	--	85,676	--	85,676
Global Missional Partnerships	19,855	--	19,855	--	19,855
Ministerial Retirement Fund	8,125	--	8,125	--	8,125
Property Expense	--	--	--	631,472	631,472
Total Program Services	946,298	--	946,298	631,472	1,577,770
Supporting Services:					
Conference Board	10,634	--	10,634	--	10,634
Executive Committee	95,350	--	95,350	--	95,350
Finance Committee	53,572	--	53,572	--	53,572
Conference Office	23,649	--	23,649	--	23,649
Property Expense	--	--	--	49,158	49,158
Contribution/Transfer	--	--	--	480,004	480,004
Total Supporting Services	183,205	--	183,205	529,162	712,367
Total Expenses and Losses	1,129,503	--	1,129,503	1,160,634	2,290,137
Change in Net Assets	208,064	6,341	214,405	(7,235)	207,170
Net Assets at Beginning of Year	1,285,407	580,184	1,865,591	4,950,240	6,815,831
Net Assets at End of Year	\$ 1,493,471	\$ 586,525	\$ 2,079,996	\$ 4,943,005	\$ 7,023,001

2022					2021			
Mosaic Mennonite Conference					FMC Properties			
					Without Donor			
Eliminations	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Consolidated Total	Eliminations	Total
\$ --	\$ 433,329	\$ 401,803	\$ --	\$ 401,803	\$ --	\$ 401,803	\$ --	\$ 401,803
(10,000)	206,783	49,504	202,024	251,528	--	251,528	(10,000)	241,528
--	15,700	1,653	--	1,653	--	1,653	--	1,653
--	1,126,834	9,496	--	9,496	1,101,549	1,111,045	--	1,111,045
(470,004)	--	450,000	--	450,000	--	450,000	(450,000)	--
--	132,586	76,519	51,059	127,578	56,072	183,650	--	183,650
--	97,900	--	--	--	--	--	--	--
--	4,171	4,949	--	4,949	--	4,949	--	4,949
--	--	184,818	(184,818)	--	--	--	--	--
(480,004)	2,017,303	1,178,742	68,265	1,247,007	1,157,621	2,404,628	(460,000)	1,944,628
--	69,503	58,638	--	58,638	--	58,638	--	58,638
--	459,518	428,723	--	428,723	--	428,723	--	428,723
--	24,265	15,222	--	15,222	--	15,222	--	15,222
--	45,166	45,217	--	45,217	--	45,217	--	45,217
--	115,779	90,913	--	90,913	--	90,913	--	90,913
--	118,411	111,733	--	111,733	--	111,733	--	111,733
--	85,676	130,745	--	130,745	--	130,745	--	130,745
--	19,855	17,116	--	17,116	--	17,116	--	17,116
--	8,125	7,825	--	7,825	--	7,825	--	7,825
--	631,472	--	--	--	607,821	607,821	--	607,821
--	1,577,770	906,132	--	906,132	607,821	1,513,953	--	1,513,953
--	10,634	22,909	--	22,909	--	22,909	--	22,909
--	95,350	93,621	--	93,621	--	93,621	--	93,621
--	53,572	61,776	--	61,776	--	61,776	--	61,776
--	23,649	21,031	--	21,031	--	21,031	--	21,031
--	49,158	--	--	--	41,528	41,528	--	41,528
(480,004)	--	--	--	--	460,000	460,000	(460,000)	--
(480,004)	232,363	199,337	--	199,337	501,528	700,865	(460,000)	240,865
(480,004)	1,810,133	1,105,469	--	1,105,469	1,109,349	2,214,818	(460,000)	1,754,818
--	207,170	73,273	68,265	141,538	48,272	189,810	--	189,810
--	6,815,831	1,212,134	511,919	1,724,053	4,901,968	6,626,021	--	6,626,021
\$ --	\$ 7,023,001	\$ 1,285,407	\$ 580,184	\$ 1,865,591	\$ 4,950,240	\$ 6,815,831	\$ --	\$ 6,815,831

**FRANCONIA MENNONITE CONFERENCE T/A MOSAIC 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, 2022 and 2021**

	<b>2022</b>			
	<b>Mosaic Mennonite Conference</b>	<b>FMC Properties</b>	<b>Eliminations</b>	<b>Total</b>
Cash Flows from Operating Activities:				
Change in Net Assets	\$ 214,405	\$ (7,235)	\$ --	\$ 207,170
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Depreciation	9,633	226,466	--	236,099
Forgiveness of Paycheck Protection Loan	(97,900)	--	--	(97,900)
Loss on Disposal of Equipment	--	--	--	--
Unrealized (Gain) Loss on Investments	18,886	(53,675)	--	(34,789)
Realized (Gain) Loss on Investments	(65,311)	31,328	--	(33,983)
Reinvestment of Investment Income	(51,895)	(11,431)	--	(63,326)
(Increase) Decrease in Operating Assets:				
Accounts and Rents Receivable	1,378	(26)	150	1,502
Prepaid Expenses	1,030	689	--	1,719
Increase (Decrease) in Operating Liabilities:				
Accounts Payable and Accrued Expenses	(17,768)	(7,036)	(150)	(24,954)
Accrued Wages and Payroll Taxes	(14,071)	--	--	(14,071)
Agency Funds	(16,270)	--	--	(16,270)
Net Cash Provided (Used) by Operating Activities	<u>(17,883)</u>	<u>179,080</u>	<u>--</u>	<u>161,197</u>
Cash Flows from Investing Activities:				
Acquisition of Property and Equipment	(4,401)	(21,458)	--	(25,859)
Advance of Loans Receivable	(50,000)	(11,000)	--	(61,000)
Repayments on Loan Receivable	3,500	50,000	(50,000)	3,500
Proceeds from Investments	74,966	--	--	74,966
Purchase of Investments	(248,306)	--	--	(248,306)
Net Cash Provided (Used) by Investing Activities	<u>(224,241)</u>	<u>17,542</u>	<u>(50,000)</u>	<u>(256,699)</u>
Cash Flows from Financing Activities:				
Proceeds from Loans Payable	--	--	--	--
Repayments on Loan Payable	(50,000)	--	50,000	--
Net Cash Provided (Used) by Financing Activities	<u>(50,000)</u>	<u>--</u>	<u>50,000</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(292,124)	196,622	--	(95,502)
Cash and Cash Equivalents- Beginning of Year	739,538	333,296	--	1,072,834
Cash and Cash Equivalents - End of Year	<u>\$ 447,414</u>	<u>\$ 529,918</u>	<u>\$ --</u>	<u>\$ 977,332</u>
<u>Cash Reconciliation</u>				
Cash and Cash Equivalents	\$ 204,526	\$ 527,529	\$ --	\$ 732,055
Cash - Designated	--	--	--	--
Cash and Cash Equivalents - Held for Others	242,888	2,389	--	245,277
Total Cash, Cash Equivalents and Held for Others Cash	<u>\$ 447,414</u>	<u>\$ 529,918</u>	<u>\$ --</u>	<u>\$ 977,332</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>				
Cash Paid During the Period for Interest	\$ --	\$ --	\$ --	\$ --

**2021**

<b>Mosaic Mennonite Conference</b>	<b>FMC Properties</b>	<b>Eliminations</b>	<b>Total</b>
\$ 141,538	\$ 48,272	\$ --	\$ 189,810
6,556	225,990	--	232,546
--	--	--	--
25,209	--	--	25,209
(50,185)	(65,613)	--	(115,798)
(48,578)	9,667	--	(38,911)
(28,550)	(18)	--	(28,568)
(2,411)	1,203	663	(545)
(1,432)	(2,689)	--	(4,121)
17,075	16,409	(663)	32,821
3,765	--	--	3,765
111,279	--	--	111,279
174,266	233,221	--	407,487
(126,561)	(12,858)	--	(139,419)
--	(125,000)	125,000	--
17,800	27,500	(27,500)	17,800
97,721	--	--	97,721
(26,733)	--	--	(26,733)
(37,773)	(110,358)	97,500	(50,631)
222,900	--	(125,000)	97,900
(27,500)	--	27,500	--
195,400	--	(97,500)	97,900
331,893	122,863	--	454,756
407,645	210,433	--	618,078
<u>\$ 739,538</u>	<u>\$ 333,296</u>	<u>\$ --</u>	<u>\$ 1,072,834</u>
\$ 352,438	\$ 330,907	\$ --	\$ 683,345
114,303	--	--	114,303
272,797	2,389	--	275,186
<u>\$ 739,538</u>	<u>\$ 333,296</u>	<u>\$ --</u>	<u>\$ 1,072,834</u>
\$ --	\$ --	\$ --	\$ --

**FRANCONIA MENNONITE CONFERENCE T/A MOSAIC 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, 2022 and 2021**

**MOSAIC MENNONITE CONFERENCE - PROGRAM SERVICES**

	<b><u>2022</u></b>	<b><u>2021</u></b>
<b><u>Credentialing Leaders</u></b>		
Staff Support	\$ 43,605	\$ 35,575
Credentialing	920	796
Pastoral Assessments	1,000	3,200
Pastors Counseling & Spiritual Direction	5,153	8,296
Leadership Equipping Events	6,536	1,064
Pastors & Leaders Events	4,251	2,365
Miscellaneous	102	179
Travel	380	137
Allocated Office Expense	7,556	7,026
Total Ministerial Leadership	<u>\$ 69,503</u>	<u>\$ 58,638</u>
 <b><u>Leadership Equipping &amp; Development</u></b>		
LED Staff Support	\$ 201,646	\$ 195,709
Contracted LED Ministers	97,782	115,473
Leadership Development	10,857	13,788
Youth Leadership Events	390	717
Sister Care Conference	664	76
Abuse, Healing & Recovery	250	435
Intercultural Conference Ministries	4,296	2,255
Missional Operations Grants - Congregations	29,500	39,000
Church Plan Fund Grants	12,640	8,429
Leadership Training Scholarship Grants	12,750	667
Priority Teams	4,736	4,205
Mosaic Institute	11,382	80
LED Miscellaneous	1,037	288
LED Travel	34,270	10,493
LED Professional Development	1,803	1,122
Allocated Office Expense	35,515	35,986
Total School for Leadership Formation	<u>\$ 459,518</u>	<u>\$ 428,723</u>
 <b><u>Young Leadership Cultivation</u></b>		
Staff Support	\$ 6,676	\$ 2,460
Contracted Young Leadership Cultivation	11,788	7,472
Ministry Inquiry Program	2,500	2,500
Leadership Cultivation	2,867	1,234
Travel	150	294
Allocated Office Expense	284	1,262
Total Leadership Cultivation	<u>\$ 24,265</u>	<u>\$ 15,222</u>

**FRANCONIA MENNONITE CONFERENCE T/A MOSAIC 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, 2022 and 2021**

**MOSAIC MENNONITE CONFERENCE - PROGRAM SERVICES - Continued**

	<b><u>2022</u></b>	<b><u>2021</u></b>
<b><u>Conference-wide Ministries</u></b>		
CWM Staff Support	\$ 21,922	\$ 22,290
Contracted Event Staff	7,948	9,170
CWM Event Communications	1,217	2,031
CWM Event Honorarium	3,686	1,160
Peace & Justice Partnerships	1,000	1,500
Conference-wide Events	622	750
CWM Event Hospitality & Miscellaneous	1,729	289
CWM Travel	4,343	1,382
Allocated Office Expense	2,699	6,645
Total Conference Assembly	<u>\$ 45,166</u>	<u>\$ 45,217</u>
 <b><u>Regional Ministries</u></b>		
RM Staff Support	\$ 57,814	\$ 30,799
RM Event Contract Coordinators	158	13
Worm Project Support	3,285	3,267
MC USA General Assembly Delegates	7,691	--
Regional Ministries	7,428	8,896
Missional Operations Grants - Missions	28,140	34,800
RM Miscellaneous	318	4,272
RM Travel	2,111	698
Worm Project Allocated Office Expense	461	499
Allocated Office Expense	8,373	7,669
Total CRM Coordination	<u>\$ 115,779</u>	<u>\$ 90,913</u>
 <b><u>Communications</u></b>		
Staff Support	\$ 80,498	\$ 62,911
Contracted Communications	16,883	24,383
Mosaic News	1,953	2,951
Web Site Development	1,600	1,497
Communication Equipment	723	95
Miscellaneous	59	602
Travel	490	1,328
Allocated Office Expense	16,205	17,966
Total Communications	<u>\$ 118,411</u>	<u>\$ 111,733</u>
 <b><u>New Missional Initiatives</u></b>		
Shalom Mutual Aid Fund	\$ 59,871	\$ 129,995
Leadership Shalom Fund	25,805	750
Total Missional Initiatives	<u>\$ 85,676</u>	<u>\$ 130,745</u>

**FRANCONIA MENNONITE CONFERENCE T/A MOSAIC 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, 2022 and 2021**

**MOSAIC MENNONITE CONFERENCE - PROGRAM SERVICES - Concluded**

	<u>2022</u>	<u>2021</u>
<b><u>Global Missional Partnerships</u></b>		
Kirk Hanger's Mexico Ministry	\$ 19,855	\$ 17,116
Total Global Partnerships	<u>\$ 19,855</u>	<u>\$ 17,116</u>
 <b><u>Ministerial Retirement Fund</u></b>		
Ministerial Retirement Support	\$ 8,125	\$ 7,825
Total Ministerial Retirement Fund	<u>\$ 8,125</u>	<u>\$ 7,825</u>

**FMC PROPERTIES - PROGRAM SERVICES**

Insurance	\$ 19,635	\$ 17,877
Utilities	7,596	7,518
Building Repairs and Maintenance	25,460	23,819
Groundskeeping and Parking Lot	48,195	28,153
Property Taxes	117,020	117,020
Depreciation	226,466	225,990
In-Kind Rental Contribution	187,100	187,100
Miscellaneous	--	344
Total FMC Properties	<u>\$ 631,472</u>	<u>\$ 607,821</u>



**FRANCONIA MENNONITE CONFERENCE T/A MOSAIC 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, 2022 and 2021**

**MOSAIC MENNONITE CONFERENCE - SUPPORTING SERVICES**

	<b><u>2022</u></b>	<b><u>2021</u></b>
<b><u>Conference Board</u></b>		
Staff Support	\$ 5,350	\$ 5,969
CB Consultants	--	1,800
FMC/EDC Merger	--	6,366
Miscellaneous	859	3,847
Travel	3,982	1,662
Allocated Office Expense	443	3,265
Total Conference Board	<u>\$ 10,634</u>	<u>\$ 22,909</u>
 <b><u>Executive Committee</u></b>		
Staff Support	\$ 77,962	\$ 74,659
Miscellaneous	240	7,934
Travel	9,800	--
Professional Development	25	--
Allocated Office Expense	7,323	11,028
Total Executive Committee	<u>\$ 95,350</u>	<u>\$ 93,621</u>
 <b><u>Finance Committee</u></b>		
Staff Support	\$ 38,872	\$ 42,682
Legal Fees	--	1,000
Accounting Fees	6,900	6,575
Payroll Processing	2,645	3,235
Service Fees	349	1,187
Travel	87	448
Allocated Office Expense	4,718	6,649
Total Finance Committee	<u>\$ 53,571</u>	<u>\$ 61,776</u>

**FRANCONIA MENNONITE CONFERENCE T/A MOSAIC 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, 2022 and 2021**

**MOSAIC MENNONITE CONFERENCE - SUPPORTING SERVICES - Concluded**

	<u>2022</u>	<u>2021</u>
<b><u>Conference Office</u></b>		
Salaries and Benefits:		
Staff Salaries	\$ 465,359	\$ 403,575
Payroll Taxes	34,595	30,483
Fringe Benefits	125,148	105,673
Less: Staff Wages and Benefits Allocation	(625,102)	(539,731)
Total Salaries and Benefits	<u>--</u>	<u>--</u>
Office Overhead:		
Maintenance and Repairs	14,452	19,057
Rent	42,717	28,098
Telephone	9,261	11,223
Insurance	4,279	3,708
Postage	289	1,705
Network/Web Site Expense	6,701	4,557
Office Supplies	9,360	7,780
Less: Office Expense Allocation	(102,088)	(116,252)
Meeting Room Expense	14,018	13,266
Depreciation	9,633	6,556
Loss on Disposal of Property & Equipment	--	25,209
Common Area - Salary and Benefits	15,027	16,124
Total Office Overhead	<u>23,649</u>	<u>21,031</u>
Total Conference Office	<u>\$ 23,649</u>	<u>\$ 21,031</u>

**FMC PROPERTIES - SUPPORTING SERVICES**

Professional Fees	\$ 5,500	\$ 5,500
Salary and Benefits	43,211	31,036
Office Expense	447	4,992
Total FMC Properties	<u>\$ 49,158</u>	<u>\$ 41,528</u>