

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

**Consolidated Financial Statements**

**For The Years Ended  
January 31, 2023 (Reviewed) and 2022 (Audited)**

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed 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, 2023, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

Management is responsible for the preparation and fair presentation of the 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.

### **Accountant's Responsibility**

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

We are required to be independent of Franconia Mennonite Conference T/A Mosaic Mennonite Conference and Franconia Mennonite Board of Missions and Charities T/A FMC Properties and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2023 consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

## Supplementary Information

The 2023 supplementary information included in Schedules I - V are presented for purposes of additional analysis and are not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic consolidated financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

## Report on 2022 Financial Statements and Supplementary Information

The 2022 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated July 28, 2022. We have not performed any auditing procedures since that date. In addition, the 2022 supplementary information contained in Schedules I – V was 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. Our report states that the information was fairly stated in all material respects in relation to the consolidated financial statements as a whole. We have not performed any auditing procedures on either the consolidated financial statements or on the supplementary information since July 28, 2022.

July 27, 2023

  
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, 2023 (Reviewed) and 2022 (Audited)**

**See Independent Accountant's Review Report**

|  | <b>2023</b>                | <b>2022</b>                |
|--|----------------------------|----------------------------|
|  | <b><u>Reviewed</u></b>     | <b><u>Audited</u></b>      |
| <b><u>Assets</u></b>   |                            |                            |
| Current Assets:  |                            |                            |
| Cash   | \$ 444,147                 | \$ 732,055                 |
| Cash Held for Others   | 241,325                    | 245,277                    |
| Accounts and Rent Receivable   | 8,762                      | 2,913                      |
| Current Portion of Loan Receivable   | 3,560                      | 4,000                      |
| Prepaid Expenses   | 65,578                     | 61,610                     |
| Total Current Assets   | <u>763,372</u>             | <u>1,045,855</u>           |
| Property and Equipment, Net of Accumulated Depreciation  | <u>3,144,538</u>           | <u>3,463,284</u>           |
| Other Assets:  |                            |                            |
| Investments  | 2,864,527                  | 2,568,075                  |
| Loans Receivable (Net of Allowance for Doubtful<br>Accounts of \$30,000 - 2023 and \$0 - 2022) | 145,115                    | 114,925                    |
| Right of Use - Operating Lease   | 640,815                    | --                         |
| Church Buildings   | 55,014                     | 55,014                     |
| Total Other Assets   | <u>3,705,471</u>           | <u>2,738,014</u>           |
| <b>Total Assets</b>  | <b><u>\$ 7,613,381</u></b> | <b><u>\$ 7,247,153</u></b> |
| <b><u>Liabilities and Net Assets</u></b>   |                            |                            |
| Current Liabilities:   |                            |                            |
| Accounts Payable and Accrued Expenses  | \$ 63,109                  | \$ 43,146                  |
| Accrued Wages and Payroll Taxes  | 4,124                      | 5,214                      |
| Agency Funds   | 175,819                    | 173,403                    |
| Security Deposit   | --                         | 2,389                      |
| Current Portion of Operating Lease Liability   | 30,781                     | --                         |
| Total Current Liabilities  | <u>273,833</u>             | <u>224,152</u>             |
| Long Term Liabilities:   |                            |                            |
| Operating Lease Liability  | <u>610,034</u>             | <u>--</u>                  |
| Total Liabilities  | <u>883,867</u>             | <u>224,152</u>             |
| Net Assets:  |                            |                            |
| Without Donor Restrictions   | 6,241,307                  | 6,436,476                  |
| With Donor Restrictions  | 488,207                    | 586,525                    |
| Total Net Assets   | <u>6,729,514</u>           | <u>7,023,001</u>           |
| <b>Total Liabilities and Net Assets</b>  | <b><u>\$ 7,613,381</u></b> | <b><u>\$ 7,247,153</u></b> |

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, 2023 (Reviewed) and 2022 (Audited)**

**See Independent Accountant's Review Report**

|   | <b>2023</b>                               |  |              |
|---|---|--|--------------|
|   | <b>Reviewed</b>                           |  |              |
|   | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With<br/>Donor<br/>Restrictions</b> | <b>Total</b> |
| Revenue, Gains and Other Support:               |   |  |              |
| Contributions - Congregations                   | \$ 389,197                                | \$ --                                  | \$ 389,197   |
| Contributions - Other                           | 175,712                                   | 45,828                                 | 221,540      |
| Equipping Event Income                          | 28,732                                    | 8,053                                  | 36,785       |
| Rental and Maintenance Income                   | 1,103,613                                 | --                                     | 1,103,613    |
| Investment Income (Loss)                        | (148,326)                                 | (42,221)                               | (190,547)    |
| Forgiveness of Paycheck Protection Program Loan | --  | --                                     | --           |
| Miscellaneous Income                            | 58,780                                    | --                                     | 58,780       |
| Net Assets Released from Restrictions:          |   |  |              |
| Satisfaction of Program Restrictions            | 109,978                                   | (109,978)                              | --           |
|   | 1,717,686                                 | (98,318)                               | 1,619,368    |
| <b>Total Revenue, Gains and Other Support</b>   |   |  |              |
| Expenses and Losses:                            |   |  |              |
| Program Services:                               |   |  |              |
| Credentialing Leaders                           | 59,706                                    | --                                     | 59,706       |
| Leadership Equipping & Development              | 559,908                                   | --                                     | 559,908      |
| Young Leadership Cultivation                    | 26,359                                    | --                                     | 26,359       |
| Conference Assembly                             | 45,323                                    | --                                     | 45,323       |
| Collaborative Ministries                        | 145,409                                   | --                                     | 145,409      |
| Communications                                  | 119,762                                   | --                                     | 119,762      |
| New Missional Initiatives                       | 68,412                                    | --                                     | 68,412       |
| Global Missional Partnerships                   | 19,121                                    | --                                     | 19,121       |
| Ministerial Retirement Fund                     | 8,420                                     | --                                     | 8,420        |
| Property Expense                                | 631,379                                   | --                                     | 631,379      |
| <b>Total Program Services</b>                   | 1,683,799                                 | --                                     | 1,683,799    |
| Supporting Services:                            |   |  |              |
| Conference Board                                | 11,590                                    | --                                     | 11,590       |
| Executive Committee                             | 83,733                                    | --                                     | 83,733       |
| Finance Committee                               | 53,841                                    | --                                     | 53,841       |
| Conference Office                               | 22,266                                    | --                                     | 22,266       |
| Property Expense                                | 57,626                                    | --                                     | 57,626       |
| <b>Total Supporting Services</b>                | 229,056                                   | --                                     | 229,056      |
|   | 1,912,855                                 | --                                     | 1,912,855    |
| <b>Total Expenses and Losses</b>                |   |  |              |
| <b>Change in Net Assets</b>                     | (195,169)                                 | (98,318)                               | (293,487)    |
| Net Assets at Beginning of Year                 | 6,436,476                                 | 586,525                                | 7,023,001    |
| Net Assets at End of Year                       | \$ 6,241,307                              | \$ 488,207                             | \$ 6,729,514 |

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

**2022  
Audited**

| <b><u>Without<br/>Donor<br/>Restrictions</u></b> | <b><u>With<br/>Donor<br/>Restrictions</u></b> | <b><u>Total</u></b> |
|--|---|---------------------|
| \$ 433,329                                       | \$ --   | \$ 433,329          |
| 109,209  | 97,574  | 206,783             |
| 15,700   | --  | 15,700              |
| 1,126,834  | --  | 1,126,834           |
| 96,433   | 36,153  | 132,586             |
| 97,900   | --  | 97,900              |
| 4,171  | --  | 4,171               |
| <u>127,386</u>                                   | <u>(127,386)</u>                              | <u>--</u>           |
| <u>2,010,962</u>                                 | <u>6,341</u>                                  | <u>2,017,303</u>    |
| 69,503   | --  | 69,503              |
| 459,518  | --  | 459,518             |
| 24,265   | --  | 24,265              |
| 45,166   | --  | 45,166              |
| 115,779  | --  | 115,779             |
| 118,411  | --  | 118,411             |
| 85,676   | --  | 85,676              |
| 19,855   | --  | 19,855              |
| 8,125  | --  | 8,125               |
| 631,472  | --  | 631,472             |
| <u>1,577,770</u>                                 | <u>--</u>                                     | <u>1,577,770</u>    |
| 10,634   | --  | 10,634              |
| 95,350   | --  | 95,350              |
| 53,572   | --  | 53,572              |
| 23,649   | --  | 23,649              |
| 49,158   | --  | 49,158              |
| <u>232,363</u>                                   | <u>--</u>                                     | <u>232,363</u>      |
| <u>1,810,133</u>                                 | <u>--</u>                                     | <u>1,810,133</u>    |
| 200,829  | 6,341   | 207,170             |
| <u>6,235,647</u>                                 | <u>580,184</u>                                | <u>6,815,831</u>    |
| <u>\$ 6,436,476</u>                              | <u>\$ 586,525</u>                             | <u>\$ 7,023,001</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, 2023 (Reviewed)

See Independent Accountant's Review Report

**Program Services**

|  | <u>Credentiailling<br/>Leaders</u> | <u>Leadership<br/>Equipping &amp;<br/>Development</u> | <u>Conference-wide<br/>Ministries<br/>Communication</u> | <u>Collaborative<br/>&amp; Regional<br/>Ministries</u> | <u>FMC<br/>Properties</u> | <u>Total</u>       | <u>General and<br/>Administrative</u> | <u>Total<br/>Expenses</u> |
|--|------------------------------------|---|---|--|---------------------------|--------------------|---------------------------------------|---------------------------|
| Salaries & Benefits                    | \$ 39,868                          | \$ 226,095  | \$ 104,284  | \$ 64,881  | \$ --                     | \$ 435,128         | \$ 168,061                            | \$ 603,189                |
| Contractors                            | --                                 | 113,538   | 23,644  | --   | --                        | 137,182            | --                                    | 137,182                   |
| Travel                                 | --                                 | 50,716  | 3,396   | 7,604  | --                        | 61,716             | 16,329                                | 78,045                    |
| Professional Development               | --                                 | 2,542   | --  | --   | --                        | 2,542              | 400                                   | 2,942                     |
| Training & Counseling                  | 10,103                             | 48,973  | 638   | --   | --                        | 59,714             | --                                    | 59,714                    |
| Grants                                 | 2,000                              | 104,356   | --  | 147,547  | 201,509                   | 455,412            | --                                    | 455,412                   |
| Publications & Other<br>Communications | --                                 | --  | 3,868   | --   | --                        | 3,868              | --                                    | 3,868                     |
| Events                                 | 2,320                              | 1,379   | 5,898   | 13,405   | --                        | 23,002             | --                                    | 23,002                    |
| Utilities                              | --                                 | --  | --  | --   | 11,982                    | 11,982             | --                                    | 11,982                    |
| Real Estate Taxes                      | --                                 | --  | --  | --   | 116,633                   | 116,633            | --                                    | 116,633                   |
| Repairs & Maintenance                  | --                                 | --  | --  | --   | 29,477                    | 29,477             | --                                    | 29,477                    |
| Groundskeeping                         | --                                 | --  | --  | --   | 32,809                    | 32,809             | --                                    | 32,809                    |
| Professional Fees                      | --                                 | --  | --  | --   | --                        | --                 | 17,817                                | 17,817                    |
| Office                                 | 5,154                              | 38,523  | 14,721  | 6,120  | --                        | 64,518             | 10,180                                | 74,698                    |
| Insurance                              | --                                 | --  | --  | --   | 19,509                    | 19,509             | 4,136                                 | 23,645                    |
| Depreciation                           | --                                 | --  | --  | --   | 219,460                   | 219,460            | 9,817                                 | 229,277                   |
| Service Charges                        | --                                 | --  | --  | --   | --                        | --                 | 306                                   | 306                       |
| Miscellaneous                          | 261                                | 145   | 8,636   | 1,805  | --                        | 10,847             | 2,010                                 | 12,857                    |
| <b>Totals</b>                          | <b>\$ 59,706</b>                   | <b>\$ 586,267</b>                                     | <b>\$ 165,085</b>                                       | <b>\$ 241,362</b>                                      | <b>\$ 631,379</b>         | <b>\$1,683,799</b> | <b>\$ 229,056</b>                     | <b>\$ 1,912,855</b>       |

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, 2022 (Audited)**

See Independent Accountant's Review Report

**Program Services**

|  | <u>Credentia</u><br><u>ling</u><br><u>Leaders</u> | <u>Leadership</u><br><u>Equipping &amp;</u><br><u>Development</u> | <u>Conference-wide</u><br><u>Ministries</u><br><u>Communication</u> | <u>Collaborative</u><br><u>&amp; Regional</u><br><u>Ministries</u> | <u>FMC</u><br><u>Properties</u> | <u>Total</u>        | <u>General and</u><br><u>Administrative</u> | <u>Total</u><br><u>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<br>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                           |
| <b>Totals</b>                          | <b>\$ 69,503</b>                                  | <b>\$ 483,783</b>   | <b>\$ 163,577</b>   | <b>\$ 229,435</b>  | <b>\$ 631,472</b>               | <b>\$ 1,577,770</b> | <b>\$ 232,363</b>                           | <b>\$ 1,810,133</b>             |

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, 2023 (Reviewed) and 2022 (Audited)**

**See Independent Accountant's Review Report**

|  | <b>2023</b>            | <b>2022</b>           |
|--|------------------------|-----------------------|
|  | <b><u>Reviewed</u></b> | <b><u>Audited</u></b> |
| Cash Flows from Operating Activities:  |                        |                       |
| Change in Net Assets   | \$ (293,487)           | \$ 207,170            |
| Adjustments to Reconcile Change in Net Assets to<br>Net Cash Provided by Operating Activities: |                        |                       |
| Depreciation   | 229,277                | 236,099               |
| Forgiveness of Paycheck Protection Program Loan  | --                     | (97,900)              |
| Gain on Disposal of Property   | (57,348)               | --                    |
| Unrealized (Gain) Loss on Investments  | 241,900                | (34,789)              |
| Realized (Gain) Loss on Investments  | 2,714                  | (33,983)              |
| Reinvestment of Investment Income  | (53,577)               | (63,326)              |
| Change in Right of Use - Operating Lease   | 31,236                 | --                    |
| Change in Allowance for Doubtful Accounts  | 30,000                 | --                    |
| (Increase) Decrease in Operating Assets:   |                        |                       |
| Accounts and Rents Receivable  | (7,123)                | 1,502                 |
| Prepaid Expenses   | (3,968)                | 1,719                 |
| Increase (Decrease) in Operation Liabilities:  |                        |                       |
| Operating Lease Liability  | (31,236)               | --                    |
| Accounts Payable and Accrued Expenses  | 21,237                 | (24,954)              |
| Accrued Wages and Payroll Taxes  | (1,090)                | (14,071)              |
| Agency Funds   | 2,416                  | (16,270)              |
| Security Deposits  | (2,389)                | --                    |
| Net Cash Provided by Operating Activities  | <u>108,562</u>         | <u>161,197</u>        |
| Cash Flows from Investing Activities:  |                        |                       |
| Acquisition of Property and Equipment  | (93,183)               | (25,859)              |
| Advance of Loans Receivable  | (65,000)               | (61,000)              |
| Repayments on Loan Receivable  | 5,250                  | 3,500                 |
| Proceeds from Sale of Property   | 240,000                | --                    |
| Proceeds from Investments  | 22,236                 | 74,966                |
| Purchase of Investments  | (509,725)              | (248,306)             |
| Net Cash Used by Investing Activities  | <u>(400,422)</u>       | <u>(256,699)</u>      |
| Net Decrease in Cash and Cash Equivalents  | (291,860)              | (95,502)              |
| Cash and Cash Equivalents- Beginning of Year   | <u>977,332</u>         | <u>1,072,834</u>      |
| Cash and Cash Equivalents - End of Year  | <u>\$ 685,472</u>      | <u>\$ 977,332</u>     |
| <u>Cash Reconciliation</u>   |                        |                       |
| Cash and Cash Equivalents  | \$ 444,147             | \$ 732,055            |
| Cash and Cash Equivalents - Held for Others  | 241,325                | 245,277               |
| Total Cash, Cash Equivalents and Held for Others Cash  | <u>\$ 685,472</u>      | <u>\$ 977,332</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, 2023 (Reviewed) and 2022 (Audited)**

**See Independent Accountant's Review Report**

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.



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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.

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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 on loan receivables was as of January 31, 2023 and 2022 was \$30,000 and \$0, respectively.

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, 2023 and 2022, the Organizations exceeded the insured amount by \$346,227 and \$688,837, respectively. FMC Properties receives 77.8% and 75.2% of their rental income from one organization (excluding rent in-kind income) for years ended January 31, 2023 and 2022, 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:

Adoption of FASB ASC 842, Leases

Effective February 1, 2022, the Organizations adopted FASB ASC 842, Leases. The new standard establishes a right of use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The Organizations elected to adopt FASB ASC 842, Leases, using the optional transition method that allows the Organizations to initially apply the new leases standard at the adoption date. As a result, the Organizations reporting for the comparative period (2022) presented in the financial statements is in accordance with FASB ASC 840. The Organizations elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial costs associated with the execution of the lease contract. The Organizations also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

The adoption of FASB ASC 842, Leases, resulted in the following impact at February 1, 2022:

|  |           |
|--|-----------|
| Asset – Right of Use – Operating Lease | \$672,051 |
| Liability – Operating Lease Liability  | 672,051   |

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, 2023 and 2022, the amount recognized as in-kind donation was \$178,854 and \$194,528, 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, 2023 and 2022, the Organizations received \$0.

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Note 1 - Continued:

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 27, 2023, the date the consolidated financial statements were available to be issued.

Note 2 - Church Buildings:

Details of church building costs at January 31, 2023 and 2022 follow:

|   | <u>2023</u>     | <u>2022</u>     |
|---|-----------------|-----------------|
| Whitehall Mennonite Church, Whitehall, PA           | \$30,014        | \$30,014        |
| Roaring Spring Mennonite Church, Roaring Spring, PA | --              | --              |
| 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, Project Haven was established and began to use the East Greenville building. Project Haven will cover all operating costs for the property. During the year ended January 31, 2023, FMC Properties obtained the title to a church property in Roaring Spring, PA. FMC Properties recorded the property at \$0 cost basis. The property was sold for \$25,000 in June 2023.

Note 3 - Property and Equipment:

A summary of the property and equipment as of January 31, 2023 and 2022 follows:

|  | <u>2023</u>         | <u>2022</u>         |
|--|---------------------|---------------------|
| Office Furniture and Equipment                 | \$ 48,896           | \$ 47,897           |
| Leasehold Improvements                         | 128,601             | 128,601             |
| Land and Buildings – Emily Street              | --                  | 202,920             |
| Land and Buildings – Indian Creek Farm         | 530,824             | 530,824             |
| Land and Buildings – Souderton Shopping Center | <u>6,511,920</u>    | <u>6,419,735</u>    |
|  | 7,220,241           | 7,329,977           |
| Less: Accumulated Depreciation                 | <u>(4,075,703)</u>  | <u>(3,866,693)</u>  |
| Net Property and Equipment                     | <u>\$ 3,144,538</u> | <u>\$ 3,463,284</u> |

Depreciation expense for the year ended January 31, 2023 and 2022 was \$229,277 and \$236,099 respectively.

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Note 4 - Loan Receivable:

|   | <u>2023</u>           | <u>2022</u>           |
|---|-----------------------|-----------------------|
| Loan receivable – Nation's Worship, 0%, to be repaid when property sold or transferred, secured by property mortgage - Conference | \$ 40,126             | \$ 40,126             |
| Loan Receivable – Nueva Vida Norristown New Life, 0%, no set maturity date, advance on property renovations - Conference          | 50,000                | 50,000                |
| Loan Receivable – Crossroad Community Center, 0%, advance on property renovations - Conference                                    | 35,000                | --                    |
| Loan Receivable – Germantown Mennonite Historic Trust, 0%, unsecured, \$250 due each month - Conference                           | 11,989                | 15,239                |
| Loan Receivable – Project Haven, 0%, unsecured, \$250 due each quarter - Conference   | 560                   | 2,560                 |
| Loan Receivable – Centro de Alabanza, 0%, no set maturity date, unsecured - FMC Properties  | 30,000                | --                    |
| Loan Receivable – CIEAMM, 0%, no set maturity date, unsecured, advance on property settlement costs - FMC Properties              | <u>11,000</u>         | <u>11,000</u>         |
| Total Loans Receivable  | 178,675               | 118,925               |
| Less: Allowance for Doubtful Accounts   | <u>(30,000)</u>       | <u>--</u>             |
| Long Term Portion   | 148,675               | 118,925               |
| Less: Current Portion   | <u>(3,560)</u>        | <u>(4,000)</u>        |
| <br>Long Term Portion   | <br><u>\$ 145,115</u> | <br><u>\$ 114,925</u> |

Note 5 - Paycheck Protection Program:

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 matured 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 6 - Ministerial Retirement Fund:

The Conference has designated funds amounting to \$64,225 and \$62,890 as of January 31, 2023 and 2022, 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, 2023 and 2022, was \$8,420 and \$8,125.

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Note 7 - 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, 2023 and 2022 were \$21,313 and \$22,652, 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, 2023 and 2022, by major components, follows:

|  | <u>2023</u>        | <u>2022</u>        |
|--|--------------------|--------------------|
| Univest Bank and Trust Company:            |                    |                    |
| Business Bank Accounts                     | \$ <u>135,717</u>  | \$ <u>62,890</u>   |
| Everence - The Mennonite Foundation, Inc.: |                    |                    |
| Cash and Cash Equivalents                  | 7,170              | 54,747             |
| Domestic Bond Funds                        | 496,659            | 614,948            |
| Domestic Equities                          | 447,265            | 486,136            |
| International Equities                     | 202,711            | 221,314            |
| Real Estate                                | 91,125             | 70,068             |
| Alternative Investments                    | <u>100,228</u>     | <u>111,717</u>     |
| Total                                      | <u>1,345,158</u>   | <u>1,558,930</u>   |
| SEI (Capital Reserve Fund):                |                    |                    |
| Cash and Cash Equivalents                  | 89,125             | 6,052              |
| Domestic Fixed Income                      | 463,645            | 583,461            |
| Domestic Equities                          | 250,208            | 271,202            |
| International Fixed Income                 | 76,228             | 81,842             |
| Alternative Investments                    | <u>31</u>          | <u>9</u>           |
| Total                                      | <u>879,237</u>     | <u>942,566</u>     |
| MMA Praxis Funds – Money Market Funds      | <u>504,415</u>     | <u>3,689</u>       |
| Total Investments                          | <u>\$2,864,527</u> | <u>\$2,568,075</u> |

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

|                              | <u>2023</u>         | <u>2022</u>       |
|------------------------------|---------------------|-------------------|
| Interest and Dividends       | \$ 75,380           | \$ 86,466         |
| Realized Gain (Loss)         | (2,714)             | 33,983            |
| Unrealized Gain (Loss)       | <u>(241,900)</u>    | <u>34,789</u>     |
| Investment Income (Loss)     | (169,234)           | 155,238           |
| Fees                         | <u>(21,313)</u>     | <u>(22,652)</u>   |
| Net Investment Income (Loss) | <u>\$ (190,547)</u> | <u>\$ 132,586</u> |



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Note 8 - 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, 2023 and 2022 was \$0.

Note 9 - 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 (7.50% - 2023 and 3.25% - 2022). The line of credit is unsecured. Amount outstanding at January 31, 2023 and 2022, was \$0. Total interest costs incurred and expensed on all debt for the years ended January 31, 2023 and 2022 was \$0.

Note 10 - 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 11 - Net Assets:

Net assets without donor restrictions at January 31, 2023 and 2022 are as follows:

|   | <u>2023</u>         | <u>2022</u>         |
|---|---------------------|---------------------|
| Franconia Mennonite Conference:             |                     |                     |
| Designated – Ministerial Retirement Plan    | \$ 64,225           | \$ 64,115           |
| Designated – Church Planting                | 165,311             | 179,644             |
| Designated – Leadership Training            | 175,801             | 202,548             |
| Undesignated – Mosaic Mennonite Conference  | 985,388             | 1,047,164           |
| Undesignated – FMC Properties               | <u>4,850,582</u>    | <u>4,943,005</u>    |
| Total Net Assets without Donor Restrictions | <u>\$ 6,241,307</u> | <u>\$ 6,436,476</u> |

Net assets with donor restrictions at January 31, 2023 and 2022 are as follows:

|  | <u>2023</u>       | <u>2022</u>       |
|--|-------------------|-------------------|
| Subject to Purpose Restrictions:         |                   |                   |
| Missions Fund                            | \$ 446,468        | \$ 529,723        |
| Mosaic Institute                         | 13,212            | 25,088            |
| Shalom Mutual Aid Fund                   | 1,780             | 27,830            |
| Pathway Process                          | 18,654            | --                |
| Funds to Assist Various Congregations    | 2,277             | 2,277             |
| Miscellaneous                            | <u>5,816</u>      | <u>1,607</u>      |
| Total Net Assets with Donor Restrictions | <u>\$ 488,207</u> | <u>\$ 586,525</u> |

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

|  | <u>2023</u>       | <u>2022</u>       |
|--|-------------------|-------------------|
| Satisfaction of Purpose Restrictions:      |                   |                   |
| Missions Fund                              | \$ 41,034         | \$ 20,000         |
| Shalom Mutual Aid Fund                     | 26,300            | 59,871            |
| Mosaic Institute                           | 19,929            | 11,382            |
| Miscellaneous                              | <u>22,715</u>     | <u>36,133</u>     |
| Total Satisfaction of Purpose Restrictions | <u>\$ 109,978</u> | <u>\$ 127,386</u> |



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Note 12 - Availability and Liquidity:

The following represents the Organizations' financial assets at January 31, 2023 and 2022:

Financial Assets at January 31, 2023 and 2022:

|                              | <u>2023</u>          | <u>2022</u>          |
|------------------------------|----------------------|----------------------|
| Cash and Cash Equivalents    | \$ 444,147           | \$ 732,055           |
| Investments                  | 2,864,911            | 2,568,075            |
| Accounts and Rent Receivable | <u>8,762</u>         | <u>2,913</u>         |
| <br>Total Financial Assets   | <br><u>3,317,820</u> | <br><u>3,303,043</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 | ( 488,207)        | ( 586,525)        |
| Board Designations  | <u>( 405,337)</u> | <u>( 446,307)</u> |

|                   |                   |                    |
|-------------------|-------------------|--------------------|
| Total Unavailable | <u>( 893,544)</u> | <u>(1,032,832)</u> |
|-------------------|-------------------|--------------------|

|  |                     |                     |
|--|---------------------|---------------------|
| Financial Assets Available to Meet General Expenditures<br>over the Next Twelve Months | <u>\$ 2,424,276</u> | <u>\$ 2,270,211</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 9) available to meet cash flow needs.

Note 13 - 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, 2023 and 2022. Total retirement plan contributions for the years ended January 31, 2023 and 2022 was \$26,847 and \$26,044, respectively.

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 the years ended January 31, 2023 and 2022, the Organizations incurred approximately \$430 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.

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Note 16 - Leases:

Property Leased From Others:

Beginning on December 1, 2020, the Conference signed a five year lease for office space from Dock Mennonite Academy. Monthly rent is \$3,500 and the Conference can renew the lease for three additional five year terms. The Conference also rents on a month-to-month basis storage space for amount ranging from \$66 to \$87 per month for the years ended January 31, 2023 and 2022, respectively. Rent expense for year ended January 31, 2022 under FASB ASC 840 was \$42,717. Operating lease expenses for the year ended January 31, 2023 were \$42,000. The following summarizes the line items in the statement of financial position which includes the amounts for the operating lease as of January 31, 2023:

|  |           |
|--|-----------|
| Operating Leases Right of Use Assets           | \$640,815 |
| Current Portion of Operating Lease Liability   | 30,781    |
| Long Term Portion of Operating Lease Liability | 610,034   |

Minimum annual rental payments (including optional renewals) due on the lease are as follows:

|                                  |                   |
|----------------------------------|-------------------|
| January 31,                      |                   |
| 2024                             | \$ 42,000         |
| 2025                             | 42,000            |
| 2026                             | 42,000            |
| 2027                             | 42,000            |
| 2028                             | 42,000            |
| Thereafter                       | <u>539,000</u>    |
| Total Lease Payments             | 749,000           |
| Less Imputed Interest (1.79%)    | <u>(108,185)</u>  |
| Present Value of Lease Liability | <u>\$ 640,815</u> |

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 was 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 were \$750. The lessee was responsible for all basic repairs under \$500. FMC Properties sold the property in September 2022. Rental income for the years ended January 31, 2023 and 2022 was \$5,250 and \$9,000, respectively.

Church Building

FMC Properties 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 an in-kind contribution. Rental income, including in-kind contribution, for each of the years ended January 31, 2023 and 2022 was \$9,600. The rental income includes an in-kind contribution component of \$7,345 and \$7,428 for the years ended January 31, 2023 and 2022, respectively.

**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, 2023 (Reviewed) and 2022 (Audited)**

**See Independent Accountant's Review Report**

Note 16 - Continued:

Souderton Shopping Center

FMC Properties leases an office to an organization (Weaver, Reckner & Reinhart) under a lease expiring December 2023. Monthly rent payments for calendar year 2006 and thereafter are \$3,458 plus CPI. As of January 31, 2023, monthly rent payments are \$5,465. The lessee also pays an annual CAM of \$2,404 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, 2023 and 2022 was \$44. Rental income for the years ended January 31, 2023 and 2022 was \$63,587 and \$60,994, respectively.

FMC Properties leases an office to an organization (Tri-Valley) under a 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, 2023 and 2022 was \$41. Rental income for the years ended January 31, 2023 and 2022 was \$60,986 and \$58,872, respectively.

FMC Properties leased a store to an organization (Parma John's) on a month-to-month basis. Monthly rent payments were \$2,662. 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, 2023 and 2022 was \$15,027 and \$41,970, respectively. Pharma John ended their lease in June 2022.

FMC Properties leases six stores to an organization (Care and Share) under a lease expiring January 2024. In January 2023, a new lease was signed for 61 months which included the addition of the former Parma John's space, giving them seven stores. Monthly rent payments are \$41,290 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. Under the previous lease, the Conference recorded 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, 2023 and 2022 was \$171,509 and \$187,100, respectively. Rental income, including CAM and in-kind contribution, for the years ended January 31, 2023 and 2022 was \$891,113 and \$888,162, respectively.

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

|                    |                    |
|--------------------|--------------------|
| <u>January 31,</u> |                    |
| 2024               | \$ 649,229         |
| 2025               | 568,444            |
| 2026               | 568,444            |
| 2027               | 568,444            |
| 2028               | <u>568,444</u>     |
|                    | <u>\$2,923,005</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, 2023 and 2022 amounted to \$30,206. Future minimum rent to be received is \$27,689 - 2024.

**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, 2023 (Reviewed) and 2022 (Audited)**

**See Independent Accountant's Review Report**

Note 16 - Continued:

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, 2023 and 2022 amounted to \$28,030.

|                | <u>2023</u>      | <u>2022</u>      |
|----------------|------------------|------------------|
| Rental Income  | \$ 58,236        | \$ 58,236        |
| Rental Expense | <u>(31,125)</u>  | <u>(38,287)</u>  |
| Net            | <u>\$ 27,111</u> | <u>\$ 19,949</u> |

Note 17 - Fair Value Measurements:

FASB ASC 820-10, *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of 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, 2023 are as follows:

|                              | <u>Level 1</u>     | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u>       |
|------------------------------|--------------------|----------------|----------------|--------------------|
| Investments:                 |                    |                |                |                    |
| Cash and Cash Equivalents    | \$ 736,427         | \$ --          | \$ --          | \$ 736,427         |
| U.S. Bond Funds              | 960,304            | --             | --             | 960,304            |
| U.S. Equity Funds            | 697,473            | --             | --             | 697,473            |
| International Equity Fund    | 278,939            | --             | --             | 278,939            |
| Real Estate Funds            | 91,125             | --             | --             | 91,125             |
| Alternative Investment Funds | <u>100,259</u>     | <u>--</u>      | <u>--</u>      | <u>100,259</u>     |
| Total                        | <u>\$2,864,527</u> | <u>\$ --</u>   | <u>\$ --</u>   | <u>\$2,864,527</u> |

**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 - Concluded  
January 31, 2023 (Reviewed) and 2022 (Audited)

**See Independent Accountant's Review Report**

Note 17 - Continued:

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 Funds   | 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> |

Note 18 - Supplemental Disclosure of Noncash Investing and Financing Activities:

During the year ended January 31, 2023, the Organizations adopted FASB ASC 842, Leases. This resulted in the following being added to the statement of financial position.

|  | <u>2023</u> | <u>2022</u> |
|--|-------------|-------------|
| Asset - Right of Use - Operating Lease | \$ 672,051  | \$ --       |
| Liability - Operating Lease Liability  | 672,051     | --          |

SUPPLEMENTARY INFORMATION

**FRANCONIA MENNONITE CONFERENCE T/A MOSAIC MENNONITE CONFERENCE and  
FRANCONIA MENNONITE BOARD OF MISSIONS AND CHARITIES T/A FMC PROPERTIES**  
Schedule I - Consolidating Statements of Financial Position  
January 31, 2023 (Reviewed) and 2022 (Audited)

See Independent Accountant's Review Report

**2023  
Reviewed**

| <u>Assets</u>  | <u>Mosaic<br/>Mennonite<br/>Conference</u> | <u>FMC<br/>Properties</u>  | <u>Eliminations</u>       | <u>Totals</u>             |
|--|--|----------------------------|---------------------------|---------------------------|
| Current Assets:  |  |                            |                           |                           |
| Cash   | \$ 119,896                                 | \$ 324,251                 | \$ --                     | \$ 444,147                |
| Cash Held for Others   | 241,325                                    | --                         | --                        | 241,325                   |
| Accounts and Rent Receivable   | 9,967                                      | 3,966                      | (5,171)                   | 8,762                     |
| Current Portion of Loan Receivable   | 3,560                                      | --                         | --                        | 3,560                     |
| Prepaid Expenses   | 14,563                                     | 51,015                     | --                        | 65,578                    |
| Total Current Assets   | <u>389,311</u>                             | <u>379,232</u>             | <u>(5,171)</u>            | <u>763,372</u>            |
| Property and Equipment, Net of<br>Accumulated Depreciation                                     | <u>112,564</u>                             | <u>3,031,974</u>           | <u>--</u>                 | <u>3,144,538</u>          |
| Other Assets:  |  |                            |                           |                           |
| Investments  | 1,480,875                                  | 1,383,652                  | --                        | 2,864,527                 |
| Loans Receivable (Net of Allowance for Doubtful<br>Accounts of \$30,000 - 2023 and \$0 - 2022) | 134,115                                    | 58,500                     | (47,500)                  | 145,115                   |
| Right of Use - Operating Lease   | 640,815                                    | --                         | --                        | 640,815                   |
| Church Buildings   | --   | 55,014                     | --                        | 55,014                    |
| Total Other Assets   | <u>2,255,805</u>                           | <u>1,497,166</u>           | <u>(47,500)</u>           | <u>3,705,471</u>          |
| <b>Total Assets</b>  | <u><u>\$ 2,757,680</u></u>                 | <u><u>\$ 4,908,372</u></u> | <u><u>\$ (52,671)</u></u> | <u><u>\$7,613,381</u></u> |
| <b><u>Liabilities and Net Assets</u></b>   |  |                            |                           |                           |
| Current Liabilities:   |  |                            |                           |                           |
| Accounts Payable and Accrued Expenses  | \$ 10,490                                  | \$ 57,790                  | \$ (5,171)                | \$ 63,109                 |
| Accrued Wages and Payroll Taxes  | 4,124                                      | --                         | --                        | 4,124                     |
| Agency Funds   | 175,819                                    | --                         | --                        | 175,819                   |
| Security Deposit   | --   | --                         | --                        | --                        |
| Current Portion of Operating Lease Liability   | 30,781                                     | --                         | --                        | 30,781                    |
| Total Current Liabilities  | <u>221,214</u>                             | <u>57,790</u>              | <u>(5,171)</u>            | <u>273,833</u>            |
| Long Term Liabilities:   |  |                            |                           |                           |
| Operating Lease Liability  | 610,034                                    | --                         | --                        | 610,034                   |
| Long Term Debt   | 47,500                                     | --                         | (47,500)                  | --                        |
| Total Long Term Liabilities  | <u>657,534</u>                             | <u>--</u>                  | <u>(47,500)</u>           | <u>610,034</u>            |
| Total Liabilities  | <u>878,748</u>                             | <u>57,790</u>              | <u>(52,671)</u>           | <u>883,867</u>            |
| Net Assets:  |  |                            |                           |                           |
| Without Donor Restrictions   | 1,390,725                                  | 4,850,582                  | --                        | 6,241,307                 |
| With Donor Restrictions  | 488,207                                    | --                         | --                        | 488,207                   |
| Total Net Assets   | <u>1,878,932</u>                           | <u>4,850,582</u>           | <u>--</u>                 | <u>6,729,514</u>          |
| <b>Total Liabilities and Net Assets</b>  | <u><u>\$ 2,757,680</u></u>                 | <u><u>\$ 4,908,372</u></u> | <u><u>\$ (52,671)</u></u> | <u><u>\$7,613,381</u></u> |



**2022  
Audited**

| <u>Mosaic<br/>Mennonite<br/>Conference</u> | <u>FMC<br/>Properties</u> | <u>Eliminations</u> | <u>Totals</u>       |
|--|---------------------------|---------------------|---------------------|
| \$ 204,526                                 | \$ 527,529                | \$ --               | \$ 732,055          |
| 242,888                                    | 2,389                     | --                  | 245,277             |
| 7,020                                      | 427                       | (4,534)             | 2,913               |
| 4,000                                      | --                        | --                  | 4,000               |
| 12,936                                     | 48,674                    | --                  | 61,610              |
| <u>471,370</u>                             | <u>579,019</u>            | <u>(4,534)</u>      | <u>1,045,855</u>    |
| 121,382                                    | 3,341,902                 | --                  | 3,463,284           |
| 1,621,820                                  | 946,255                   | --                  | 2,568,075           |
| 103,925                                    | 58,500                    | (47,500)            | 114,925             |
| --   | --                        | --                  | --                  |
| --   | 55,014                    | --                  | 55,014              |
| <u>1,725,745</u>                           | <u>1,059,769</u>          | <u>(47,500)</u>     | <u>2,738,014</u>    |
| <u>\$ 2,318,497</u>                        | <u>\$ 4,980,690</u>       | <u>\$ (52,034)</u>  | <u>\$ 7,247,153</u> |
| \$ 12,384                                  | \$ 35,296                 | \$ (4,534)          | \$ 43,146           |
| 5,214                                      | --                        | --                  | 5,214               |
| 173,403                                    | --                        | --                  | 173,403             |
| --   | 2,389                     | --                  | 2,389               |
| --   | --                        | --                  | --                  |
| <u>191,001</u>                             | <u>37,685</u>             | <u>(4,534)</u>      | <u>224,152</u>      |
| --   | --                        | --                  | --                  |
| 47,500                                     | --                        | (47,500)            | --                  |
| <u>47,500</u>                              | <u>--</u>                 | <u>(47,500)</u>     | <u>--</u>           |
| 238,501                                    | 37,685                    | (52,034)            | 224,152             |
| 1,493,471                                  | 4,943,005                 | --                  | 6,436,476           |
| 586,525                                    | --                        | --                  | 586,525             |
| <u>2,079,996</u>                           | <u>4,943,005</u>          | <u>--</u>           | <u>7,023,001</u>    |
| <u>\$ 2,318,497</u>                        | <u>\$ 4,980,690</u>       | <u>\$ (52,034)</u>  | <u>\$ 7,247,153</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, 2023 (Reviewed) and 2022 (Audited)**

See Independent Accountant's Review Report

|  | 2023<br>Reviewed                 |                               |                     |                                  |                       |
|--|----------------------------------|-------------------------------|---------------------|----------------------------------|-----------------------|
|  | Mosaic Mennonite Conference      |                               |                     | FMC<br>Properties                |                       |
|  | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total               | Without<br>Donor<br>Restrictions | Consolidated<br>Total |
| Revenue, Gains and Other Support:                  |                                  |                               |                     |                                  |                       |
| Contributions - Congregations                      | \$ 389,197                       | \$ --                         | \$ 389,197          | \$ --                            | \$ 389,197            |
| Contributions - Other                              | 185,712                          | 45,828                        | 231,540             | --                               | 231,540               |
| Equipping Event Income                             | 28,732                           | 8,053                         | 36,785              | --                               | 36,785                |
| Rental and Maintenance Income                      | 7,345                            | --                            | 7,345               | 1,096,268                        | 1,103,613             |
| Management Fee/Contribution                        | 484,992                          | --                            | 484,992             | --                               | 484,992               |
| Investment Income (Loss)                           | (86,035)                         | (42,221)                      | (128,256)           | (62,291)                         | (190,547)             |
| Forgiveness of Paycheck Protection<br>Program Loan | --                               | --                            | --                  | --                               | --                    |
| Miscellaneous Income                               | 1,183                            | --                            | 1,183               | 57,597                           | 58,780                |
| Net Assets Released from Restrictions:             |                                  |                               |                     |                                  |                       |
| Satisfaction of Program Restrictions               | 109,978                          | (109,978)                     | --                  | --                               | --                    |
| Total Revenue, Gains and Other Support             | <u>1,121,104</u>                 | <u>(98,318)</u>               | <u>1,022,786</u>    | <u>1,091,574</u>                 | <u>2,114,360</u>      |
| Expenses and Losses:                               |                                  |                               |                     |                                  |                       |
| Program Services:                                  |                                  |                               |                     |                                  |                       |
| Credentialing Leaders                              | 59,706                           | --                            | 59,706              | --                               | 59,706                |
| Leadership Equipping & Development                 | 559,908                          | --                            | 559,908             | --                               | 559,908               |
| Young Leadership Cultivation                       | 26,359                           | --                            | 26,359              | --                               | 26,359                |
| Conference-wide Ministries                         | 45,323                           | --                            | 45,323              | --                               | 45,323                |
| Regional Ministries                                | 145,409                          | --                            | 145,409             | --                               | 145,409               |
| Communications                                     | 119,762                          | --                            | 119,762             | --                               | 119,762               |
| New Missional Initiatives                          | 68,412                           | --                            | 68,412              | --                               | 68,412                |
| Global Missional Partnerships                      | 19,121                           | --                            | 19,121              | --                               | 19,121                |
| Ministerial Retirement Fund                        | 8,420                            | --                            | 8,420               | --                               | 8,420                 |
| Property Expense                                   | --                               | --                            | --                  | 631,379                          | 631,379               |
| Total Program Services                             | <u>1,052,420</u>                 | <u>--</u>                     | <u>1,052,420</u>    | <u>631,379</u>                   | <u>1,683,799</u>      |
| Supporting Services:                               |                                  |                               |                     |                                  |                       |
| Conference Board                                   | 11,590                           | --                            | 11,590              | --                               | 11,590                |
| Executive Committee                                | 83,733                           | --                            | 83,733              | --                               | 83,733                |
| Finance Committee                                  | 53,841                           | --                            | 53,841              | --                               | 53,841                |
| Conference Office                                  | 22,266                           | --                            | 22,266              | --                               | 22,266                |
| Property Expense                                   | --                               | --                            | --                  | 57,626                           | 57,626                |
| Contribution/Transfer                              | --                               | --                            | --                  | 494,992                          | 494,992               |
| Total Supporting Services                          | <u>171,430</u>                   | <u>--</u>                     | <u>171,430</u>      | <u>552,618</u>                   | <u>724,048</u>        |
| Total Expenses and Losses                          | <u>1,223,850</u>                 | <u>--</u>                     | <u>1,223,850</u>    | <u>1,183,997</u>                 | <u>2,407,847</u>      |
| <b>Change in Net Assets</b>                        | <b>(102,746)</b>                 | <b>(98,318)</b>               | <b>(201,064)</b>    | <b>(92,423)</b>                  | <b>(293,487)</b>      |
| Net Assets at Beginning of Year                    | <u>1,493,471</u>                 | <u>586,525</u>                | <u>2,079,996</u>    | <u>4,943,005</u>                 | <u>7,023,001</u>      |
| Net Assets at End of Year                          | <u>\$ 1,390,725</u>              | <u>\$ 488,207</u>             | <u>\$ 1,878,932</u> | <u>\$ 4,850,582</u>              | <u>\$ 6,729,514</u>   |

| 2023<br>Reviewed |              | 2022<br>Audited             |              |                         |                            |              |              |              |
|------------------|--------------|-----------------------------|--------------|-------------------------|----------------------------|--------------|--------------|--------------|
|                  |              | Mosaic Mennonite Conference |              |                         | FMC<br>Properties          |              |              |              |
|                  |              | Without Donor Restrictions  |              | With Donor Restrictions | Without Donor Restrictions |              | Consolidated |              |
| Eliminations     | Total        | Restrictions                | Restrictions | Total                   | Restrictions               | Total        | Eliminations | Total        |
| \$ --            | \$ 389,197   | \$ 433,329                  | \$ --        | \$ 433,329              | \$ --                      | \$ 433,329   | \$ --        | \$ 433,329   |
| (10,000)         | 221,540      | 119,209                     | 97,574       | 216,783                 | --                         | 216,783      | (10,000)     | 206,783      |
| --               | 36,785       | 15,700                      | --           | 15,700                  | --                         | 15,700       | --           | 15,700       |
| --               | 1,103,613    | 7,428                       | --           | 7,428                   | 1,119,406                  | 1,126,834    | --           | 1,126,834    |
| (484,992)        | --           | 470,004                     | --           | 470,004                 | --                         | 470,004      | (470,004)    | --           |
| --               | (190,547)    | 62,440                      | 36,153       | 98,593                  | 33,993                     | 132,586      | --           | 132,586      |
| --               | --           | 97,900                      | --           | 97,900                  | --                         | 97,900       | --           | 97,900       |
| --               | 58,780       | 4,171                       | --           | 4,171                   | --                         | 4,171        | --           | 4,171        |
| --               | --           | 127,386                     | (127,386)    | --                      | --                         | --           | --           | --           |
| (494,992)        | 1,619,368    | 1,337,567                   | 6,341        | 1,343,908               | 1,153,399                  | 2,497,307    | (480,004)    | 2,017,303    |
| --               | 59,706       | 69,503                      | --           | 69,503                  | --                         | 69,503       | --           | 69,503       |
| --               | 559,908      | 459,518                     | --           | 459,518                 | --                         | 459,518      | --           | 459,518      |
| --               | 26,359       | 24,265                      | --           | 24,265                  | --                         | 24,265       | --           | 24,265       |
| --               | 45,323       | 45,166                      | --           | 45,166                  | --                         | 45,166       | --           | 45,166       |
| --               | 145,409      | 115,779                     | --           | 115,779                 | --                         | 115,779      | --           | 115,779      |
| --               | 119,762      | 118,411                     | --           | 118,411                 | --                         | 118,411      | --           | 118,411      |
| --               | 68,412       | 85,676                      | --           | 85,676                  | --                         | 85,676       | --           | 85,676       |
| --               | 19,121       | 19,855                      | --           | 19,855                  | --                         | 19,855       | --           | 19,855       |
| --               | 8,420        | 8,125                       | --           | 8,125                   | --                         | 8,125        | --           | 8,125        |
| --               | 631,379      | --                          | --           | --                      | 631,472                    | 631,472      | --           | 631,472      |
| --               | 1,683,799    | 946,298                     | --           | 946,298                 | 631,472                    | 1,577,770    | --           | 1,577,770    |
| --               | 11,590       | 10,634                      | --           | 10,634                  | --                         | 10,634       | --           | 10,634       |
| --               | 83,733       | 95,350                      | --           | 95,350                  | --                         | 95,350       | --           | 95,350       |
| --               | 53,841       | 53,572                      | --           | 53,572                  | --                         | 53,572       | --           | 53,572       |
| --               | 22,266       | 23,649                      | --           | 23,649                  | --                         | 23,649       | --           | 23,649       |
| --               | 57,626       | --                          | --           | --                      | 49,158                     | 49,158       | --           | 49,158       |
| (494,992)        | --           | --                          | --           | --                      | 480,004                    | 480,004      | (480,004)    | --           |
| (494,992)        | 229,056      | 183,205                     | --           | 183,205                 | 529,162                    | 712,367      | (480,004)    | 232,363      |
| (494,992)        | 1,912,855    | 1,129,503                   | --           | 1,129,503               | 1,160,634                  | 2,290,137    | (480,004)    | 1,810,133    |
| --               | (293,487)    | 208,064                     | 6,341        | 214,405                 | (7,235)                    | 207,170      | --           | 207,170      |
| --               | 7,023,001    | 1,285,407                   | 580,184      | 1,865,591               | 4,950,240                  | 6,815,831    | --           | 6,815,831    |
| \$ --            | \$ 6,729,514 | \$ 1,493,471                | \$ 586,525   | \$ 2,079,996            | \$ 4,943,005               | \$ 7,023,001 | \$ --        | \$ 7,023,001 |

**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, 2023 (Reviewed) and 2022 (Audited)**

See Independent Accountant's Review Report

**2023  
Reviewed**

|   | <u>Mosaic<br/>Mennonite<br/>Conference</u> | <u>FMC<br/>Properties</u> | <u>Eliminations</u> | <u>Total</u>      |
|---|--|---------------------------|---------------------|-------------------|
| Cash Flows from Operating Activities:   |  |                           |                     |                   |
| Change in Net Assets  | \$ (201,064)                               | \$ (92,423)               | \$ --               | \$ (293,487)      |
| Adjustments to Reconcile Change in Net Assets to<br>Net Cash Provided (Used) by Operating Activities: |  |                           |                     |                   |
| Depreciation  | 9,817                                      | 219,460                   | --                  | 229,277           |
| Forgiveness of Paycheck Protection Loan   | --   | --                        | --                  | --                |
| Gain on Disposal of Property  | --   | (57,348)                  | --                  | (57,348)          |
| Unrealized (Gain) Loss on Investments   | 176,351                                    | 65,549                    | --                  | 241,900           |
| Realized (Gain) Loss on Investments   | (7,256)                                    | 9,970                     | --                  | 2,714             |
| Reinvestment of Investment Income   | (40,661)                                   | (12,916)                  | --                  | (53,577)          |
| Change in Right of Use - Operating Lease  | 31,236                                     | --                        | --                  | 31,236            |
| Change in Allowance for Doubtful Accounts   | --   | 30,000                    | --                  | 30,000            |
| (Increase) Decrease in Operating Assets:  |  |                           |                     |                   |
| Accounts and Rents Receivable   | (2,947)                                    | (3,539)                   | (637)               | (7,123)           |
| Prepaid Expenses  | (1,627)                                    | (2,341)                   | --                  | (3,968)           |
| Increase (Decrease) in Operating Liabilities:   |  |                           |                     |                   |
| Operating Lease Liability   | (31,236)                                   | --                        | --                  | (31,236)          |
| Accounts Payable and Accrued Expenses   | (1,894)                                    | 22,494                    | 637                 | 21,237            |
| Accrued Wages and Payroll Taxes   | (1,090)                                    | --                        | --                  | (1,090)           |
| Agency Funds  | 2,416                                      | --                        | --                  | 2,416             |
| Security Deposits   | --   | (2,389)                   | --                  | (2,389)           |
| Net Cash Provided (Used) by Operating Activities  | <u>(67,955)</u>                            | <u>176,517</u>            | <u>--</u>           | <u>108,562</u>    |
| Cash Flows from Investing Activities:   |  |                           |                     |                   |
| Acquisition of Property and Equipment   | (999)                                      | (92,184)                  | --                  | (93,183)          |
| Advance of Loans Receivable   | (35,000)                                   | (30,000)                  | --                  | (65,000)          |
| Repayments on Loan Receivable   | 5,250                                      | --                        | --                  | 5,250             |
| Proceeds from Sale of Property  | --   | 240,000                   | --                  | 240,000           |
| Proceeds from Investments   | 22,236                                     | --                        | --                  | 22,236            |
| Purchase of Investments   | (9,725)                                    | (500,000)                 | --                  | (509,725)         |
| Net Cash Provided (Used) by Investing Activities  | <u>(18,238)</u>                            | <u>(382,184)</u>          | <u>--</u>           | <u>(400,422)</u>  |
| Cash Flows from Financing Activities:   |  |                           |                     |                   |
| Repayments on Loan Payable  | --   | --                        | --                  | --                |
| Net Cash Provided (Used) by Financing Activities  | <u>--</u>                                  | <u>--</u>                 | <u>--</u>           | <u>--</u>         |
| Net Increase (Decrease) in Cash and Cash Equivalents  | (86,193)                                   | (205,667)                 | --                  | (291,860)         |
| Cash and Cash Equivalents- Beginning of Year  | 447,414                                    | 529,918                   | --                  | 977,332           |
| Cash and Cash Equivalents - End of Year   | <u>\$ 361,221</u>                          | <u>\$ 324,251</u>         | <u>\$ --</u>        | <u>\$ 685,472</u> |
| <u>Cash Reconciliation</u>  |  |                           |                     |                   |
| Cash and Cash Equivalents   | \$ 119,896                                 | \$ 324,251                | \$ --               | \$ 444,147        |
| Cash and Cash Equivalents - Held for Others   | 241,325                                    | --                        | --                  | 241,325           |
| Total Cash, Cash Equivalents and Held for<br>Others Cash  | <u>\$ 361,221</u>                          | <u>\$ 324,251</u>         | <u>\$ --</u>        | <u>\$ 685,472</u> |
| <u>Supplemental Disclosure of Cash Flow Information:</u>  |  |                           |                     |                   |
| Cash Paid During the Period for Interest  | \$ --                                      | \$ --                     | \$ --               | \$ --             |

**2022  
Audited**

| <u>Mosaic<br/>Mennonite<br/>Conference</u> | <u>FMC<br/>Properties</u> | <u>Eliminations</u> | <u>Total</u>      |
|--|---------------------------|---------------------|-------------------|
| \$ 214,405                                 | \$ (7,235)                | \$ --               | \$ 207,170        |
| 9,633                                      | 226,466                   | --                  | 236,099           |
| (97,900)                                   | --                        | --                  | (97,900)          |
| --   | --                        | --                  | --                |
| 18,886                                     | (53,675)                  | --                  | (34,789)          |
| (65,311)                                   | 31,328                    | --                  | (33,983)          |
| (51,895)                                   | (11,431)                  | --                  | (63,326)          |
| --   | --                        | --                  | --                |
| --   | --                        | --                  | --                |
| 1,378                                      | (26)                      | 150                 | 1,502             |
| 1,030                                      | 689                       | --                  | 1,719             |
| --   | --                        | --                  | --                |
| (17,768)                                   | (7,036)                   | (150)               | (24,954)          |
| (14,071)                                   | --                        | --                  | (14,071)          |
| (16,270)                                   | --                        | --                  | (16,270)          |
| --   | --                        | --                  | --                |
| <u>(17,883)</u>                            | <u>179,080</u>            | <u>--</u>           | <u>161,197</u>    |
| (4,401)                                    | (21,458)                  | --                  | (25,859)          |
| (50,000)                                   | (11,000)                  | --                  | (61,000)          |
| 3,500                                      | 50,000                    | (50,000)            | 3,500             |
| --   | --                        | --                  | --                |
| 74,966                                     | --                        | --                  | 74,966            |
| (248,306)                                  | --                        | --                  | (248,306)         |
| <u>(224,241)</u>                           | <u>17,542</u>             | <u>(50,000)</u>     | <u>(256,699)</u>  |
| (50,000)                                   | --                        | 50,000              | --                |
| <u>(50,000)</u>                            | <u>--</u>                 | <u>50,000</u>       | <u>--</u>         |
| (292,124)                                  | 196,622                   | --                  | (95,502)          |
| 739,538                                    | 333,296                   | --                  | 1,072,834         |
| <u>\$ 447,414</u>                          | <u>\$ 529,918</u>         | <u>\$ --</u>        | <u>\$ 977,332</u> |
| \$ 204,526                                 | \$ 527,529                | \$ --               | \$ 732,055        |
| <u>242,888</u>                             | <u>2,389</u>              | <u>--</u>           | <u>245,277</u>    |
| <u>\$ 447,414</u>                          | <u>\$ 529,918</u>         | <u>\$ --</u>        | <u>\$ 977,332</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, 2023 (Reviewed) and 2022 (Audited)**

See Independent Accountant's Review Report

**MOSAIC MENNONITE CONFERENCE - PROGRAM SERVICES**

|  | <b><u>2023</u></b>     | <b><u>2022</u></b>    |
|--|------------------------|-----------------------|
|  | <b><u>Reviewed</u></b> | <b><u>Audited</u></b> |
| <b><u>Credentialing Leaders</u></b>                      |                        |                       |
| Staff Support  | \$ 39,868              | \$ 43,605             |
| Credentialing  | 2,010                  | 920                   |
| Pastoral Assessments                                     | 2,000                  | 1,000                 |
| Pastors Counseling & Spiritual Direction                 | 8,093                  | 5,153                 |
| Leadership Equipping Events                              | 1,626                  | 6,536                 |
| Pastors & Leaders Events                                 | 694                    | 4,251                 |
| Miscellaneous  | 261                    | 102                   |
| Travel   | --                     | 380                   |
| Allocated Office Expense                                 | 5,154                  | 7,556                 |
| Total Ministerial Leadership                             | \$ 59,706              | \$ 69,503             |
| <br><b><u>Leadership Equipping &amp; Development</u></b> |                        |                       |
| LED Staff Support  | \$ 212,672             | \$ 201,646            |
| Contracted LED Ministers                                 | 106,788                | 97,782                |
| Leadership Development                                   | 14,822                 | 10,857                |
| Youth Leadership Events                                  | --                     | 390                   |
| Sister Care Conference                                   | 1,379                  | 664                   |
| Abuse, Healing & Recovery                                | --                     | 250                   |
| Intercultural Conference Ministries                      | --                     | 4,296                 |
| Missional Operations Grants - Congregations              | 72,422                 | 29,500                |
| Church Plan Fund Grants                                  | 20,134                 | 12,640                |
| Leadership Training Scholarship Grants                   | 11,800                 | 12,750                |
| Priority Teams   | 6,356                  | 4,736                 |
| Mosaic Institute   | 19,929                 | 11,382                |
| LED Miscellaneous  | 3,833                  | 1,037                 |
| LED Travel   | 50,387                 | 34,270                |
| LED Professional Development                             | 2,542                  | 1,803                 |
| Allocated Office Expense                                 | 36,844                 | 35,515                |
| Total School for Leadership Formation                    | \$ 559,908             | \$ 459,518            |
| <br><b><u>Young Leadership Cultivation</u></b>           |                        |                       |
| Staff Support  | \$ 13,423              | \$ 6,676              |
| Contracted Young Leadership Cultivation                  | 6,750                  | 11,788                |
| Ministry Inquiry Program                                 | --                     | 2,500                 |
| Leadership Cultivation                                   | 4,178                  | 2,867                 |
| Travel   | 329                    | 150                   |
| Allocated Office Expense                                 | 1,679                  | 284                   |
| Total Leadership Cultivation                             | \$ 26,359              | \$ 24,265             |

**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, 2023 (Reviewed) and 2022 (Audited)

See Independent Accountant's Review Report

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

|   | <b><u>2023</u></b>     | <b><u>2022</u></b>    |
|---|------------------------|-----------------------|
|   | <b><u>Reviewed</u></b> | <b><u>Audited</u></b> |
| <b><u>Conference-wide Ministries</u></b>        |                        |                       |
| CWM Staff Support                               | \$ 22,634              | \$ 21,922             |
| Contracted Event Staff                          | 1,100                  | 7,948                 |
| CWM Event Communications                        | 1,354                  | 1,217                 |
| CWM Event Honorarium                            | 4,737                  | 3,686                 |
| Peace & Justice Partnerships                    | 638                    | 1,000                 |
| Conference-wide Events                          | 1,161                  | 622                   |
| CWM Event Hospitality & Miscellaneous           | 7,849                  | 1,729                 |
| CWM Travel                                      | 2,308                  | 4,343                 |
| Allocated Office Expense                        | 3,542                  | 2,699                 |
| Total Conference Assembly                       | \$ 45,323              | \$ 45,166             |
| <br><b><u>Regional Ministries</u></b>           |                        |                       |
| RM Staff Support                                | \$ 61,498              | \$ 57,814             |
| RM Event Contract Coordinators                  | --                     | 158                   |
| Worm Project Support                            | 3,383                  | 3,285                 |
| MC USA General Assembly Delegates               | 13,405                 | 7,691                 |
| Regional Ministries                             | 7,345                  | 7,428                 |
| Missional Operations Grants - Missions          | 44,250                 | 28,140                |
| RM Miscellaneous                                | 1,805                  | 318                   |
| RM Travel                                       | 7,604                  | 2,111                 |
| Worm Project Allocated Office Expense           | 346                    | 461                   |
| Allocated Office Expense                        | 5,773                  | 8,373                 |
| Total CRM Coordination                          | \$ 145,409             | \$ 115,779            |
| <br><b><u>Communications</u></b>                |                        |                       |
| Staff Support                                   | \$ 81,650              | \$ 80,498             |
| Contracted Communications                       | 22,544                 | 16,883                |
| Mosaic News                                     | 1,830                  | 1,953                 |
| Web Site Development                            | 684                    | 1,600                 |
| Communication Equipment                         | 755                    | 723                   |
| Miscellaneous                                   | 32                     | 59                    |
| Travel  | 1,088                  | 490                   |
| Allocated Office Expense                        | 11,179                 | 16,205                |
| Total Communications                            | \$ 119,762             | \$ 118,411            |
| <br><b><u>Global Missional Partnerships</u></b> |                        |                       |
| Kirk Hanger's Mexico Ministry                   | \$ 19,121              | \$ 19,855             |
| Total Global Partnerships                       | \$ 19,121              | \$ 19,855             |



**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, 2023 (Reviewed) and 2022 (Audited)**

See Independent Accountant's Review Report

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

|   | <b>2023</b>            | <b>2022</b>           |
|---|------------------------|-----------------------|
|   | <b><u>Reviewed</u></b> | <b><u>Audited</u></b> |
| <b><u>New Missional Initiatives</u></b>   |                        |                       |
| Pastoral Assistance                       | \$ 15,595              | \$ --                 |
| Ambassadors Program                       | 18,567                 | --                    |
| Borderlands Learning Tour                 | 6,642                  | --                    |
| Ukraine Fund                              | 150                    | --                    |
| Refuge Church Plan Fund                   | 158                    | --                    |
| MWC Translation Fund                      | 1,000                  | --                    |
| Shalom Mutual Aid Fund                    | 26,300                 | 59,871                |
| Leadership Shalom Fund                    | --                     | 25,805                |
| Total Missional Initiatives               | <u>\$ 68,412</u>       | <u>\$ 85,676</u>      |
| <br>                                      |                        |                       |
| <b><u>Ministerial Retirement Fund</u></b> |                        |                       |
| Ministerial Retirement Support            | \$ 8,420               | \$ 8,125              |
| Total Ministerial Retirement Fund         | <u>\$ 8,420</u>        | <u>\$ 8,125</u>       |

**FMC PROPERTIES - PROGRAM SERVICES**

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Insurance                        | \$ 19,509         | \$ 19,635         |
| Utilities                        | 11,982            | 7,596             |
| Building Repairs and Maintenance | 29,477            | 25,460            |
| Groundskeeping and Parking Lot   | 32,809            | 48,195            |
| Property Taxes                   | 116,633           | 117,020           |
| Depreciation                     | 219,460           | 226,466           |
| In-Kind Rental Contribution      | 171,509           | 187,100           |
| Emily Street Contribution        | 30,000            | --                |
| Total FMC Properties             | <u>\$ 631,379</u> | <u>\$ 631,472</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, 2023 (Reviewed) and 2022 (Audited)**

See Independent Accountant's Review Report

**MOSAIC MENNONITE CONFERENCE - SUPPORTING SERVICES**

|                                   | <b><u>2023</u></b>     | <b><u>2022</u></b>    |
|-----------------------------------|------------------------|-----------------------|
|                                   | <b><u>Reviewed</u></b> | <b><u>Audited</u></b> |
| <b><u>Conference Board</u></b>    |                        |                       |
| Staff Support                     | \$ 4,446               | \$ 5,350              |
| Miscellaneous                     | 1,711                  | 859                   |
| Travel                            | 5,174                  | 3,982                 |
| Allocated Office Expense          | 259                    | 443                   |
| Total Conference Board            | <u>\$ 11,590</u>       | <u>\$ 10,634</u>      |
| <br>                              |                        |                       |
| <b><u>Executive Committee</u></b> |                        |                       |
| Staff Support                     | \$ 66,616              | \$ 77,962             |
| Miscellaneous                     | 299                    | 240                   |
| Travel                            | 11,117                 | 9,800                 |
| Professional Development          | 400                    | 25                    |
| Allocated Office Expense          | 5,301                  | 7,323                 |
| Total Executive Committee         | <u>\$ 83,733</u>       | <u>\$ 95,350</u>      |
| <br>                              |                        |                       |
| <b><u>Finance Committee</u></b>   |                        |                       |
| Staff Support                     | \$ 40,079              | \$ 38,872             |
| Accounting Fees                   | 7,225                  | 6,900                 |
| Payroll Processing                | 2,635                  | 2,645                 |
| Service Fees                      | 306                    | 349                   |
| Travel                            | 38                     | 87                    |
| Allocated Office Expense          | 3,558                  | 4,718                 |
| Total Finance Committee           | <u>\$ 53,841</u>       | <u>\$ 53,571</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, 2023 (Reviewed) and 2022 (Audited)**

See Independent Accountant's Review Report

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

|   | <b><u>2023</u></b>     | <b><u>2022</u></b>    |
|---|------------------------|-----------------------|
|   | <b><u>Reviewed</u></b> | <b><u>Audited</u></b> |
| <b><u>Conference Office</u></b>           |                        |                       |
| Salaries and Benefits:                    |                        |                       |
| Staff Salaries                            | \$ 486,441             | \$ 465,359            |
| Payroll Taxes                             | 36,374                 | 34,595                |
| Fringe Benefits                           | 109,682                | 125,148               |
| Less: Staff Wages and Benefits Allocation | <u>(632,497)</u>       | <u>(625,102)</u>      |
| Total Salaries and Benefits               | <u>          --</u>    | <u>          --</u>   |
| Office Overhead:                          |                        |                       |
| Maintenance and Repairs                   | 8,176                  | 14,452                |
| Rent                                      | 42,955                 | 42,717                |
| Telephone                                 | 8,253                  | 9,261                 |
| Insurance                                 | 4,136                  | 4,279                 |
| Postage                                   | 1,741                  | 289                   |
| Network/Web Site Expense                  | 2,920                  | 6,701                 |
| Office Supplies                           | 7,114                  | 9,360                 |
| Less: Office Expense Allocation           | (88,377)               | (102,088)             |
| Meeting Room Expense                      | 12,449                 | 14,018                |
| Depreciation                              | 9,817                  | 9,633                 |
| Common Area - Salary and Benefits         | <u>13,082</u>          | <u>15,027</u>         |
| Total Office Overhead                     | <u>22,266</u>          | <u>23,649</u>         |
| Total Conference Office                   | <u>\$ 22,266</u>       | <u>\$ 23,649</u>      |

**FMC PROPERTIES - SUPPORTING SERVICES**

|                      |                  |                  |
|----------------------|------------------|------------------|
| Professional Fees    | \$ 7,957         | \$ 5,500         |
| Salary and Benefits  | 43,838           | 43,211           |
| Office Expense       | 5,831            | 447              |
| Total FMC Properties | <u>\$ 57,626</u> | <u>\$ 49,158</u> |