



VILLAGE MISSIONS

Financial Statements and Supplemental Information

Years Ended June 30, 2016 and 2015



VILLAGE MISSIONS

Financial Statements and Supplemental Information

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Village Missions
Dallas, Oregon

We have audited the accompanying financial statements of Village Missions (the Ministry) which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Village Missions as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Village Missions' 2015 financial statements, and our report dated December 1, 2015 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on page 14, and the Schedule of Revenues, Expenditures, and Changes in Net Assets – Budget to Actual on page 16, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

AKT LLP

Salem, Oregon
November 18, 2016

VILLAGE MISSIONS

Statements of Financial Position

June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 1,749,488	\$ 1,597,196
Investments, at fair value	1,125,645	1,170,794
Accounts receivable	18,576	56,347
Notes receivable	12,000	14,000
Prepaid expenses	52,341	50,435
Land, buildings, and equipment, net	1,311,103	1,362,934
Other assets	160,001	165,001
Total Assets	<u>\$ 4,429,154</u>	<u>\$ 4,416,707</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 145,121	\$ 85,449
Accrued expenses	413,718	423,282
Deposits held on behalf of others	97,017	90,141
Payable to the employee medical benefit plan	173,727	295,104
Accrued pension costs	4,676,839	3,175,330
Total Liabilities	<u>5,506,422</u>	<u>4,069,306</u>
Net Assets:		
Unrestricted:		
Designated:		
Retirement projects	640,366	640,366
Education, benefits, and other	16,879	16,879
Investment in land, building, and equipment, net	1,311,103	1,362,934
Undesignated operating reserve	1,320,405	1,334,008
Unrecognized net actuarial loss	(4,640,285)	(3,377,991)
Total Unrestricted	<u>(1,351,532)</u>	<u>(23,804)</u>
Temporarily restricted:		
Designated fields	163,618	278,759
Funds held in trust	29,857	28,246
Other	45,674	29,085
Total Temporarily Restricted	<u>239,149</u>	<u>336,090</u>
Permanently restricted - education fund	<u>35,115</u>	<u>35,115</u>
Total Net Assets (Deficit)	<u>(1,077,268)</u>	<u>347,401</u>
	<u>\$ 4,429,154</u>	<u>\$ 4,416,707</u>

See accompanying notes to financial statements.

VILLAGE MISSIONS

Statements of Activities and Changes in Net Assets

Years Ended June 30, 2016 and 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total (Memo Only)
Support and Revenue:					
Contributions	\$ 3,205,545	\$ 2,718,153	\$ -	\$ 5,923,698	\$ 5,859,353
Revenue:					
Retirement facility rent	60,154	-	-	60,154	52,217
Interest and dividends	48,640	772	-	49,412	34,081
Net change in fair value of investments	3,604	-	-	3,604	19,179
Other income	142,657	-	-	142,657	49,647
Satisfaction of donor restrictions	<u>2,815,866</u>	<u>(2,815,866)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>6,276,466</u>	<u>(96,941)</u>	<u>-</u>	<u>6,179,525</u>	<u>6,014,477</u>
Expenses:					
Rural ministry program	5,068,608	-	-	5,068,608	5,097,987
Conferences	193,063	-	-	193,063	102,204
Candidate school	12,619	-	-	12,619	15,924
Leadership development	444	-	-	444	1,317
Retirement facilities	107,780	-	-	107,780	87,896
Administration	713,601	-	-	713,601	563,128
Development	<u>245,785</u>	<u>-</u>	<u>-</u>	<u>245,785</u>	<u>180,897</u>
Total Expenses	<u>6,341,900</u>	<u>-</u>	<u>-</u>	<u>6,341,900</u>	<u>6,049,353</u>
Change in Net Assets	(65,434)	(96,941)	-	(162,375)	(34,876)
Pension Related Charges (Credits) Other Than Net Periodic Pension Costs	(1,262,294)	-	-	(1,262,294)	(486,887)
Net Assets (Deficit), beginning	<u>(23,804)</u>	<u>336,090</u>	<u>35,115</u>	<u>347,401</u>	<u>869,164</u>
Net Assets (Deficit), ending	<u>\$ (1,351,532)</u>	<u>\$ 239,149</u>	<u>\$ 35,115</u>	<u>\$ (1,077,268)</u>	<u>\$ 347,401</u>

See accompanying notes to financial statements.

VILLAGE MISSIONS

Statements of Cash Flows

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (162,375)	\$ (34,876)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	84,970	66,166
Net change in net actuarial loss and accrued pension costs	239,215	67,490
Net change in fair value of investments	(3,604)	(19,179)
Changes in assets and liabilities:		
Accounts receivable	37,771	(15,601)
Receivable from employee medical benefit plan	-	269,315
Prepaid expenses	(1,906)	(6,858)
Accounts payable	59,672	38,387
Accrued expenses	(9,564)	30,619
Deposits held on behalf of others	6,876	(1,378)
Payable to employee medical benefit plan	<u>(121,377)</u>	<u>295,104</u>
Net Cash Provided by Operating Activities	<u>129,678</u>	<u>689,189</u>
Cash Flows from Investing Activities:		
Purchases of investments	(1,014,583)	(450,125)
Return of principal and proceeds from investments	1,063,336	203,016
Changes in notes receivable	2,000	(3,971)
Purchases of land, buildings, and equipment	<u>(28,139)</u>	<u>(416,369)</u>
Net Cash Provided (Used) by Investing Activities	<u>22,614</u>	<u>(667,449)</u>
Net Change in Cash and Cash Equivalents	152,292	21,740
Cash and Cash Equivalents, beginning	<u>1,597,196</u>	<u>1,575,456</u>
Cash and Cash Equivalents, ending	<u>\$ 1,749,488</u>	<u>\$ 1,597,196</u>

VILLAGE MISSIONS

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Village Missions (the Ministry) is a nonprofit organization incorporated in 1948. Its purpose is to establish, support, and direct missionaries in towns and villages where there is either no church or no evangelical witness. The Ministry is supported primarily through donations from churches, affiliated organizations, and the general public. The accompanying financial statements include contributions for salaries and related salary expense for ministers of local churches for which the Ministry has overall management and budgetary control. Other local church revenue, expense, and foreign organizations, not under common control, have not been included in the accompanying financial statements.

As of June 30, 2016, the Ministry has in place 183 missionaries in 180 fields in 30 different states.

Contributions

Contributions are recognized when the donor makes a promise to give to the Ministry that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Donor designated contributions are reported as temporarily restricted support and are then reclassified to unrestricted net assets at the time of compliance with the donor designation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Ministry. There were no donated services recognized as contributions during the years ended June 30, 2016 and 2015.

Accounts Receivable

The Ministry has accounts receivable related to unpaid interest from investments, and payments for services and to related parties. Receivables are written off when the Ministry determines an account is uncollectible. Past due status is determined based on the age of the receivable. For the years ended June 30, 2016 and 2015, no allowance is deemed necessary on accounts receivable.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Ministry's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and certificates of deposit. The Ministry maintains its cash in bank deposit accounts that, at times, may exceed insured limits. The Ministry's main depository accounts are privately insured by American Share Insurance up to \$250,000 per account, and are not federally insured. The Ministry's remaining accounts are federally insured by the Federal Deposit Insurance Corporation (FDIC) up to limit of \$250,000 per depositor per bank. The Ministry had \$213 of uninsured cash and cash equivalents at June 30, 2016 (\$27,772 at June 30, 2015). The Ministry has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

VILLAGE MISSIONS

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 1 - Nature of Activities and Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents, continued

Cash and Cash Equivalents at June 30 consist of the following:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents on deposit and on hand, including sweep account	\$ 321,545	\$ 159,355
Money market accounts, bearing interest of 0.01%	254,396	122,115
Certificates of Deposit, bearing interest from 0.50% - 6.00%	1,143,690	1,287,480
Deposits held in trust	<u>29,857</u>	<u>28,246</u>
	1,749,488	1,597,196
Less temporarily and permanently restricted net assets	<u>274,264</u>	<u>371,205</u>
	<u>\$ 1,475,224</u>	<u>\$ 1,225,991</u>

Investments

Investments in marketable securities with readily determinable fair values are recorded at their fair values in the statements of financial position (see Note 2). Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets.

Fair Value of Financial Instruments

The Ministry's financial instruments, none of which are held for trading purposes, include receivables, accounts payable, and other short-term assets and liabilities. The Ministry estimates that the fair value of all of these non-derivative financial instruments at June 30, 2016 and 2015 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statements of financial position.

Land, Buildings, and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are recorded as unrestricted support unless the donor has restricted the donated asset to 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 restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Ministry reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Ministry reclassifies temporarily restricted net assets to unrestricted net assets at that time.

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost, or if donated, at the estimated fair value at the date of donation. Depreciation is computed using primarily the straight-line method over useful lives ranging from 3 and 30 years.

Other Assets

Other assets at June 30, 2016 and 2015 consist entirely of costs related to development of curriculum for use in training of and continuing education for missionaries and ministers of the Ministry. At June 30, 2016, other assets are shown net of accumulated amortization of \$5,000 (none at June 30, 2015). Amortization expense during June 30, 2016 was \$5,000 (none in 2015).

Deposits Held on Behalf of Others

At June 30, 2016 the Ministry holds \$97,017 (\$90,141 in 2015) of cash and cash equivalents on behalf of Creative Evangelism Inc. (CEI), in order to facilitate the periodic payment of funds to the a beneficiary specified by CEI. The Ministry has recognized a corresponding liability, and records any interest earned to the asset and related liability.

VILLAGE MISSIONS

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 1 - Nature of Activities and Summary of Significant Accounting Policies, continued

Comparative Financial Information

The 2015 total column on the statements of activities and changes in net assets are captioned "Memo Only", and include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Ministry's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Income Taxes

The Ministry has been granted an exemption from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. An exemption from the state of Oregon corporation excise tax is provided by Oregon Revised Statutes 317.080. An exemption from property taxes has been granted pursuant to Oregon Revised Statutes 307.425.

The Ministry follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Ministry recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision in the statement of activities, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions.

The Ministry files federal, state and local informational returns.

Subsequent Events

The Ministry has evaluated subsequent events through November 18, 2016 which is the date the financial statements were available to be issued.

Note 2 - Investments

Investments are stated at fair value based on a framework that provides a fair value hierarchy prioritizing 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 the fair value hierarchy are described below:

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 asset or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 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.

VILLAGE MISSIONS

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 2 - Investments, continued

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016 and 2015.

Mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

US Government Treasury bills and other agency obligations: Valued at the closing price reported on the active market on which the individual securities are traded.

Non-operating property: Valued at estimated market value and cost at the time of donation or purchase, and adjusted for known and measurable changes in market value, and comprised of property owned by the Ministry that is not used in operations, and not held for sale.

The following tables set forth, by level within the fair value hierarchy, the Ministry's investments at fair value:

	Investments at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Short term bonds	\$ 80,681	\$ -	\$ -	\$ 80,681
Intermediate government funds	281,669	-	-	281,669
U.S. Government Treasury bills and other agency obligations	711,509	-	-	711,509
Non-operating property	-	-	51,786	51,786
	<u>\$ 1,073,859</u>	<u>\$ -</u>	<u>\$ 51,786</u>	<u>\$ 1,125,645</u>

	Investments at Fair Value as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Short term bonds	\$ 80,978	\$ -	\$ -	\$ 80,978
Intermediate government funds	279,571	-	-	279,571
U.S. Government Treasury bills and other agency obligations	758,459	-	-	758,459
Non-operating property	-	-	51,786	51,786
	<u>\$ 1,119,008</u>	<u>\$ -</u>	<u>\$ 51,786</u>	<u>\$ 1,170,794</u>

The Ministry experienced no change in value of Level 3 assets during the years ended June 30, 2016 and 2015.

Investment return is summarized as follows at June 30:

	2016	2015
Interest and dividend income	\$ 49,412	\$ 34,081
Net change in fair value of investments	3,604	19,179
	<u>\$ 53,016</u>	<u>\$ 53,260</u>

VILLAGE MISSIONS

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 3 - Land, Buildings, and Equipment

At June 30, land, buildings, and equipment, at cost, consisted of:

	<u>2016</u>	<u>2015</u>
Land	\$ 152,362	\$ 152,362
Buildings and improvements	2,084,317	2,067,583
Furniture and equipment	150,033	140,456
Data processing equipment and programming	32,057	30,229
Transportation equipment	<u>11,638</u>	<u>11,638</u>
	2,430,407	2,402,268
Less accumulated depreciation	<u>1,119,304</u>	<u>1,039,334</u>
	<u>\$ 1,311,103</u>	<u>\$ 1,362,934</u>

Depreciation and amortization expense for the year ended June 30, 2016 was \$79,970 (\$66,166 in 2015).

Note 4 - Retirement Plan

General

Substantially all of the personnel and representatives of the Ministry are covered by a contributory, defined benefit pension plan (the Plan). The benefits are based on years of service. The Ministry follows the applicable provisions as set by the Financial Accounting Standards Board related to Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans.

Employees contribute \$50 per month with the balance funded by the Ministry. The Ministry's contributions to the Plan are funded at the discretion of the board of directors. Contributions are intended to provide benefits not only for benefits attributed to service to date, but also for those expected to be earned in the future.

Obligations and Funded Status

The following table sets forth the Plan's funded status for the fiscal years ended June 30:

	<u>2016</u>	<u>2015</u>
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ 11,566,146	\$ 11,279,923
Service cost	127,930	129,042
Interest cost	517,553	471,922
Plan participant contributions	98,600	100,250
Actuarial loss	1,057,429	233,478
Benefits paid	<u>(584,624)</u>	<u>(648,469)</u>
Projected benefit obligation at end of year	<u>\$ 12,783,034</u>	<u>\$ 11,566,146</u>

VILLAGE MISSIONS

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 4 - Retirement Plan, continued

Obligations and Funded Status, continued

	<u>2016</u>	<u>2015</u>
Change in Plan assets:		
Fair value of Plan assets at beginning of year	\$ 8,390,816	\$ 8,658,970
Actual return on Plan assets	(68,597)	10,065
Employer contributions	270,000	270,000
Plan participant contributions	98,600	100,250
Benefits paid	(584,624)	(648,469)
Fair value of Plan assets at end of year	<u>8,106,195</u>	<u>8,390,816</u>
Net underfunded status of the Plan	<u>\$ (4,676,839)</u>	<u>\$ (3,175,330)</u>

Amounts recognized in the statements of financial position consist of:

Accrued pension costs	\$ <u>(4,676,839)</u>	\$ <u>(3,175,330)</u>
Unrecognized net actuarial loss	\$ <u>4,640,285</u>	\$ <u>3,377,991</u>

Amounts recognized in the statements of activities and changes in net assets consist of:

Net actuarial loss	\$ 1,514,390	\$ 692,156
Amortization of net loss	(263,254)	(216,427)
Amortization of prior service credit	<u>11,158</u>	<u>11,158</u>
Total pension-related charges other than periodic pension cost	1,262,294	486,887
Net periodic pension cost	<u>509,215</u>	<u>337,490</u>
Total recognized in changes in unrestricted net assets	<u>\$ 1,771,509</u>	<u>\$ 824,377</u>

The estimated net loss for the Plan that will be amortized from changes in unrestricted net assets into net periodic benefit cost over the next fiscal year is \$406,658. The estimated prior service credit will be amortized from changes in unrestricted net assets into net periodic benefit cost over the next fiscal year is \$11,158.

Amortization of net actuarial loss cost is computed using the straight-line method over the average remaining service period of employees expected to receive benefits under the Plan.

Assumptions

The following assumptions were used in accounting for the Ministry's pension plan at June 30:

	<u>2016</u>	<u>2015</u>
The weighted-average assumptions used to determine benefit obligations:		
Discount rate	3.80%	4.60%
The weighted-average assumptions used to determine net periodic benefit cost:		
Discount rate	4.60%	4.30%
Expected long-term rate of return on assets	5.50%	6.25%

To determine the Ministry's expected rate of return on plan assets, historical and future expected returns of multiple asset classes were analyzed to develop a risk free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk free real rate of return, and the associated risk premium. A weighted-average rate was developed based on those overall rates and the target asset allocation of the Plan.

VILLAGE MISSIONS

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 4 - Retirement Plan, continued

Plan Assets

The assets of the Plan are invested in various securities offered by The Principal Financial Group, which are all regarded as level 1 (see Note 2). At June 30, 2016, fixed income securities make up 48% (47% in 2015) of the Plan assets, equity securities make up 35% (34% in 2015) of the Plan assets and other assets make up 17% (19% in 2015) of Plan assets.

The Ministry's investment strategy is to maintain sufficient funding for the ability to pay all benefit and expense obligations when due, and to assist eligible employees by providing long-term retirement distributions. Accordingly, the Ministry's Plan assets are invested primarily in intermediate-term, fixed-income investments such as public and private corporate bonds, commercial and residential mortgages, asset backed securities, and U.S. government and agency-backed securities.

No Plan assets are expected to be returned to the Ministry during the fiscal year ending June 30, 2017.

Estimated Contributions:

The Ministry expects to contribute \$300,000 to the Plan during the fiscal year ending June 30, 2017. In addition, the Ministry expects employees will contribute \$98,550 during the year ended June 30, 2017.

Estimated Future Benefit Payments

The following minimum benefits are expected to be paid:

2017	\$	670,000
2018		700,000
2019		720,000
2020		730,000
2021		750,000
Years 2022 - 2026		3,880,000

Note 5 - Employee Medical Benefit Plan

The Ministry collects payments for medical premiums and pays for their fully funded medical insurance plan through a separate, related entity, Village Missions Employee Benefit Plan (the Medical Plan). Contributions to the Medical Plan were made by the churches sponsoring the missionaries, employees, and the Ministry. Contributions to the Medical Plan for fiscal years 2016 range from \$425 to \$1,100 per month per employee depending on family composition (\$1,025 per employee in 2015). As of June 30, 2016, the Ministry owes the Medical Plan \$173,727, which is included on the statements of financial position as a liability to the employee medical benefit plan (\$295,104 at June 30, 2015).

The premiums collected and expenses paid for benefits and claims administration are for the benefit of, and on behalf of, the missionaries and are held and accounted for separately from the other assets of the Ministry through a trust. As such, the Ministry has excluded the activity and balances of the Medical Plan from the Ministry's financial statements for the years ended June 30, 2016 and 2015.

Note 6 - Related Party Transactions

The Ministry is related by common programs and activities to Village Missions Canada. The Ministry provides administrative support to Village Missions Canada as specified by a service agreement entered into by both entities, which amounted to \$12,254 in 2016 (\$13,175 in 2015). The amount receivable from Village Missions Canada at June 30, 2016 is \$13,197 (\$25,647 in 2015), which is included in total accounts receivable on the statements of financial position. The Ministry and Village Missions Canada occasionally receive donations on the other entity's behalf and those donations are promptly remitted to the other entity. Such donations totaled to \$36,914 in 2016 (\$45,337 in 2015).

During the year ended June 30, 2016, the Medical Plan contributed \$120,000 to the Ministry (none in 2015)

VILLAGE MISSIONS

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

Note 7 - Contributions

Contributions by source for the years ended June 30 consisted of:

	<u>2016</u>	<u>2015</u>
Churches	\$ 1,416,102	\$ 1,486,947
Donor designated gifts	2,718,153	2,588,958
Missionaries	756,215	805,939
Estates	9,000	43,485
Individual and other	<u>1,024,228</u>	<u>934,024</u>
	<u>\$ 5,923,698</u>	<u>\$ 5,859,353</u>

SUPPLEMENTAL INFORMATION

VILLAGE MISSIONS

Schedule of Functional Expenses

Years Ended June 30, 2016 and 2015

	<u>Rural Ministry Program</u>	<u>Conferences</u>	<u>Candidate School</u>	<u>Contenders</u>
Salaries and wages	\$ 1,501,154	\$ -	\$ -	\$ -
Payroll taxes	2,535	-	-	-
Retirement	513,815	-	-	-
Employee benefits	170,720	-	-	-
Child supplement	-	-	-	-
Designated gifts	2,682,388	-	-	-
Meetings and seminars	-	-	-	-
Staff training	1,122	190,688	-	-
Moving	11,656	-	-	-
Food	19,189	-	3,638	-
Lodging	11,233	-	4,953	-
Travel	114,817	-	2,061	-
Supplies	3,241	2,348	1,729	-
Postage and shipping	950	-	-	-
Publicity	4,297	-	25	444
Utilities	2,000	-	-	-
Telephone	-	-	-	-
Automobile expenses	-	-	-	-
Insurance	8,761	-	-	-
Repairs and maintenance	5,372	-	-	-
Dues and subscriptions	895	-	-	-
Depreciation and amortization	-	-	-	-
Donations and grants	100	-	-	-
Professional services	-	-	-	-
Consulting	-	-	-	-
Other	14,363	27	213	-
	<u>\$ 5,068,608</u>	<u>\$ 193,063</u>	<u>\$ 12,619</u>	<u>\$ 444</u>

	<u>Retirement Facilities</u>	<u>Administration</u>	<u>Development</u>	<u>2016 Total</u>	<u>2015 Total (Memo only)</u>
\$	-	\$ 390,574	\$ 54,896	\$ 1,946,624	\$ 1,897,788
	-	18,388	6,560	27,483	22,938
	-	-	-	513,815	342,090
	-	64,804	18,700	254,224	372,109
	-	-	-	-	230
	-	-	-	2,682,388	2,618,686
	-	1,701	-	1,701	1,716
	-	2,762	1,460	196,032	120,085
	-	372	4,230	16,258	13,146
	196	6,074	2,995	32,092	27,563
	-	4,239	1,967	22,392	23,218
	492	22,208	7,118	146,696	177,149
	6	10,545	1,243	19,112	15,766
	19	14,959	32,465	48,393	42,407
	-	8,326	99,621	112,713	87,306
	18,414	6,350	-	26,764	23,009
	-	5,988	108	6,096	5,886
	-	2,072	32	2,104	4,398
	-	14,245	3,447	26,453	28,672
	14,705	20,774	8,093	48,944	40,784
	850	2,929	2,850	7,524	4,962
	61,223	23,747	-	84,970	66,166
	-	150	-	250	-
	-	34,262	-	34,262	44,569
	-	39,556	-	39,556	36,360
	11,875	18,576	-	45,054	32,350
\$	<u>107,780</u>	<u>\$ 713,601</u>	<u>\$ 245,785</u>	<u>\$ 6,341,900</u>	<u>\$ 6,049,353</u>

VILLAGE MISSIONS

Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget to Actual

Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Over/(Under) <u>Budget</u>
Support and Revenue:			
Contributions	\$ 6,493,545	\$ 5,923,698	\$ (569,847)
Revenue:			
Retirement facility rent	63,360	60,154	(3,206)
Interest and dividends	36,962	49,412	12,450
Net change in fair value of investments	-	3,604	3,604
Other income	66,900	142,657	75,757
Total Support and Revenue	<u>6,660,767</u>	<u>6,179,525</u>	<u>(481,242)</u>
Expenses:			
Rural ministry program	5,457,090	5,068,608	(388,482)
Conferences	192,267	193,063	796
Candidate school	12,200	12,619	419
Leadership development	-	444	444
Retirement facilities	144,527	107,780	(36,747)
Administration	773,816	713,601	(60,215)
Development	180,680	245,785	65,105
Total Expenses	<u>6,760,580</u>	<u>6,341,900</u>	<u>(418,680)</u>
Net Change (budgetary basis)	(99,813)	(162,375)	(62,562)
Net Assets, beginning	<u>347,401</u>	<u>347,401</u>	<u>-</u>
Net Assets, ending	<u>\$ 247,588</u>	185,026	<u>\$ (62,562)</u>
Reconciliation of Budget Basis to Accrual Basis			
Pension related charges (credits) other than net periodic pension costs		<u>(1,262,294)</u>	
Net Assets (Deficit), ending (accrual basis)		<u>\$ (1,077,268)</u>	