

**VILLAGE MISSIONS
REPORT ON THE AUDIT
OF THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**VILLAGE MISSIONS
TABLE OF CONTENTS**

	<u>Page(s)</u>
Independent Auditors' Report	2 - 3
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Notes to the Financial Statements	7 - 16
Supplementary Information	
Schedules of Functional Expenses	17
Schedule of Revenues, Expenditures, And Changes in Net Assets - Budget to Actual	
For the Year Ended June 30, 2018	18
For the Year Ended June 30, 2017	19



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Village Missions

Report on the Financial Statements

We have audited the accompanying financial statements of Village Missions (an Oregon nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and statements of cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 opinions.

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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses and schedules of revenues, expenditures, and changes in net assets - budget to actual on pages 17 to 19, 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 audits 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.

Knuttle & Associates, P.C.

**VILLAGE MISSIONS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

Assets		
	2018	2017
Cash and Cash Equivalents	\$ 1,731,274	\$ 1,570,260
Investments	707,771	894,859
Accounts Receivable, Net	49,434	39,875
Notes Receivable, Net	12,250	11,200
Prepaid Expenses	103,572	90,910
Land, Building, and Equipment, Net	1,372,401	1,440,542
Total Assets	3,976,702	4,047,646
Liabilities and Net Assets		
Liabilities		
Accounts Payable	91,639	48,201
Accrued Expenses	458,205	439,593
Deposits Held on Behalf of Others	0	89,862
Accrued Pension Costs	4,158,400	4,466,092
Total Liabilities	4,708,244	5,043,748
Net Assets		
Unrestricted		
Designated		
Retirement Projects	640,366	640,366
Education, Benefits, and Other	90,775	16,879
Investment in Land, Building, and Equipment, Net	1,372,401	1,440,542
Undesignated Operating Reserve	421,102	756,217
Unrecognized Net Actuarial Loss	(3,604,494)	(4,110,296)
Total Unrestricted	(1,079,850)	(1,256,292)
Temporarily Restricted		
Designated Fields	219,880	96,742
Funds Held in Trust	0	28,247
Other	93,313	100,086
Total Temporarily Restricted	313,193	225,075
Permanently Restricted	35,115	35,115
Total Net Assets (Deficit)	(731,542)	(996,102)
Total Liabilities and Net Assets	\$ 3,976,702	\$ 4,047,646

See The Accompanying Notes To The Financial Statements.

**VILLAGE MISSIONS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
Support and Revenue:					
Contributions	\$ 3,370,418	\$ 3,033,150	\$ 0	\$ 6,403,568	\$ 6,207,831
Retirement Facility Rent	60,482	0	0	60,482	60,357
Interest and Dividends	43,379	646	0	44,025	47,423
Other Revenue	106,313	0	0	106,313	114,724
Net Assets Released from Restriction	2,945,678	(2,945,678)	0	0	0
Total Income	<u>6,526,270</u>	<u>88,118</u>	<u>0</u>	<u>6,614,388</u>	<u>6,430,335</u>
Expenses					
Rural Ministry Program	4,729,731	0	0	4,729,731	5,407,234
District Representatives	480,186	0	0	480,186	0
Contenders	81,047	0	0	81,047	0
Conferences	230,042	0	0	230,042	218,112
Candidate School	8,507	0	0	8,507	4,791
Retirement Facilities	113,588	0	0	113,588	115,061
Administration	853,967	0	0	853,967	793,312
Development	319,230	0	0	319,230	316,428
Net Change in Fair Value of Investments	39,332	0	0	39,332	24,220
Total Expenses	<u>6,855,630</u>	<u>0</u>	<u>0</u>	<u>6,855,630</u>	<u>6,879,158</u>
Change in Net Assets	(329,360)	88,118	0	(241,242)	(448,823)
Pension Related Charges Other Than Net Period Pension Costs					
	505,802	0	0	505,802	529,989
Net Assets (Deficit),					
Beginning of Year	<u>(1,256,292)</u>	<u>225,075</u>	<u>35,115</u>	<u>(996,102)</u>	<u>(1,077,268)</u>
End of Year	<u>\$ (1,079,850)</u>	<u>\$ 313,193</u>	<u>\$ 35,115</u>	<u>\$ (731,542)</u>	<u>\$ (996,102)</u>

See The Accompanying Notes To The Financial Statements.

**VILLAGE MISSIONS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
Cash Flows from Operating Activities		
Change in Net Assets	\$ (241,242)	\$ (448,823)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	94,543	91,108
Net Actuarial Loss and Accrued Pension Costs	198,110	319,242
Realized and Unrealized Investment Losses	39,332	24,220
Donation of Property Held for Investment	51,786	0
Loss on Disposal of Fixed Assets	0	954
Changes in Certain Assets and Liabilities		
Accounts Receivable	(9,559)	(21,299)
Prepaid Expenses	(12,662)	(38,569)
Accounts and Payable	43,438	(96,920)
Accrued Expenses	18,612	25,875
Deposits Held on Behalf of Others	(89,862)	(7,155)
Payable to Employee Medical Benefit Plan	0	(173,727)
Net Cash Provided by (Used in) Operating Activities	\$ 92,496	\$ (325,094)
Cash Flows From Investing Activities		
Payments for the Purchase of Fixed Assets	\$ (26,402)	\$ (95,440)
Proceeds from Sale of Fixed Assets	0	33,940
Payments for Purchase of Investments	(826,697)	(249,603)
Proceeds from Sale of Investments	922,667	456,169
Collections of Notes Receivable	(1,050)	800
Net Cash Provided by Investing Activities	\$ 68,518	\$ 145,866
Net Increase (Decrease) in Cash and Cash Equivalents	161,014	(179,228)
Cash and Cash Equivalents		
Beginning of Year	1,570,260	1,749,488
End of Year	\$ 1,731,274	\$ 1,570,260

See The Accompanying Notes To The Financial Statements.

VILLAGE MISSIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Village Missions (the "Organization") 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 Organization 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 Organization 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, 2018, the Organization has in place 181 missionaries in 179 fields in 30 different states.

A) Method of Accounting

The Organization's accounts are maintained on the accrual basis of accounting. Contributions are reported as temporarily restricted support if they are received with stipulations that limit the use of the funding. When the restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Expenses are recorded when incurred.

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization does not use fund accounting.

B) Cash and Cash Equivalents

For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at financial Organizations, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

The Organization's main depository accounts are privately insured by American Share Insurance up to \$250,000 per account, and are not federally insured. The Organization does not have deposits at a financial institution in excess of federal insured limits as of June 30, 2018 and 2017. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**VILLAGE MISSIONS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B) Cash and Cash Equivalents (Continued)

Cash and cash equivalents at June 30 consist of the following:

	2018	2017
Cash and cash equivalents on deposit and on hand, including sweep accounts	\$ 289,713	\$ 171,187
Money market accounts, bearing interest of 0.01%	44,450	127,542
Certificates of deposit, bearing interest from 0.50% - 6.00%	1,397,111	1,243,284
Deposits held in trust	0	28,247
	<u>1,731,274</u>	<u>1,570,260</u>
Less temporarily and permanently restricted net assets	<u>348,308</u>	<u>260,190</u>
	<u><u>\$1,382,966</u></u>	<u><u>\$1,310,070</u></u>

C) Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. Fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. Unrealized and realized gains and losses are included in the change in net assets.

D) Accounts Receivable and Allowance for Doubtful Accounts

The Organization has accounts receivable related to unpaid interest from investments and payments for services. Receivables are written off when the Organization determines an account is uncollectible. Past due status is determined based on the age of the receivable. The allowance for doubtful accounts is \$0 at June 30, 2018 and 2017, respectively.

VILLAGE MISSIONS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E) Fixed Assets

Purchased fixed assets are stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred, whereas renewals and betterments that extend the lives of property are capitalized. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Depreciation and amortization expense is \$94,543 and \$91,108 at June 30, 2018 and 2017, respectively.

F) Deposits Held on Behalf of Others

At June 30, 2018 and 2017, the Organization holds \$0 and \$89,862, respectively, of cash and cash equivalents on behalf of Creative Evangelism Inc. (CEI), in order to facilitate the periodic payment of funds to a beneficiary specified by CEI. The Organization has recognized a corresponding liability, and records any interest earned to the asset and related liability.

G) Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, a provision for income taxes has not been made on the financial statements.

The Organization files its tax return with the U.S. federal and various state and local tax jurisdictions. With few exceptions, the Organization is no longer subject to examinations by major tax jurisdictions for the years prior to 2015.

I) Use of Estimates

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

**VILLAGE MISSIONS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J) Contributions

Contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. The Organization reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets and if the stipulations have not been met in the same reporting period. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

NOTE 2 - INVESTMENTS

The Organization's investments are summarized as follows (See Note 3 for Investment Property of \$0 and \$51,786 at June 30, 2018 and 2017, respectively):

Security Type	Balance at June 30	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
2018				
Mutual Funds	\$ 156,493	\$ 156,493	\$ 0	\$ 0
Fixed Income Securities	551,278	551,278	0	
	<u>\$ 707,771</u>	<u>\$ 707,771</u>	<u>\$ 0</u>	<u>\$ 0</u>

Security Type	Balance at June 30	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
2017				
Mutual Funds	\$ 358,407	\$ 358,407	\$ 0	\$ 0
Fixed Income Securities	400,087	400,087	0	0
Bonds	84,579	84,579	0	0
Real Estate	51,786	0	0	51,786
	<u>\$ 894,859</u>	<u>\$ 843,073</u>	<u>\$ 0</u>	<u>\$ 51,786</u>

**VILLAGE MISSIONS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 2 - INVESTMENTS (CONTINUED)

Generally accepted accounting principles provide the definition of fair value for financial reporting, establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, and require disclosure about the use of fair value measurements. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. When Level 1 inputs are not available, the Organization uses Level 2 and Level 3 inputs.

The Organization's investments at June 30, 2018 and 2017 are summarized as follows:

Level 1 Fair Value Measurements

The fair value of mutual funds, fixed income securities and bonds are based on unadjusted quoted market prices in active markets for identical assets.

Level 3 Fair Value Measurements

The fair value of real estate is based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The following summarizes the investment returns and their classifications in the statement of activities for the years ended June 30, 2018 and 2017:

	Total	Unrestricted	Temporarily Restricted	Permanently Restricted
2018				
Interest and Dividends	\$ 44,025	\$ 43,379	\$ 646	\$ 0
Net Change in Fair Value of Investments	(39,332)	(39,332)	0	0
	<u>\$ 4,693</u>	<u>\$ 4,047</u>	<u>\$ 646</u>	<u>\$ 0</u>
	Total	Unrestricted	Temporarily Restricted	Permanently Restricted
2017				
Interest and Dividends	\$ 47,423	\$ 46,849	\$ 574	\$ 0
Net Change in Fair Value of Investments	(24,220)	(24,220)	0	0
	<u>\$ 23,203</u>	<u>\$ 22,629</u>	<u>\$ 574</u>	<u>\$ 0</u>

**VILLAGE MISSIONS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 3 - LAND, BUILDING, AND EQUIPMENT

Land, buildings, and equipment consisted of the following at June 30:

	2018	2017
Property Held For Use in Operations		
Land	\$ 152,362	\$ 152,362
Buildings and Improvements	2,155,417	2,148,663
Furniture and Equipment	210,545	203,897
Other	139,062	126,062
	2,657,386	2,630,984
Less - Accumulated Depreciation	1,284,985	1,190,442
Land, Building, and Equipment, Net	\$1,372,401	\$1,440,542
	2018	2017
Property Held For Investment		
Land	\$ 0	\$ 1,655
Building	0	50,131
	0	51,786
Less - Accumulated Depreciation	0	0
Land and Building, Net	\$ 0	\$ 51,786

NOTE 4 - RETIREMENT PLAN

Substantially all of the personnel and representatives of the Organization are covered by a contributory, defined benefit pension plan (the Plan). The benefits are based on years of service. The Organization follows the applicable provisions as set by the Financial Accounting Standards Board related to employers' accounting for defined benefit pension and other post retirement plans.

Employees contribute \$50 per month with the balance funded by the Organization. The Organization'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.

**VILLAGE MISSIONS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 4 - RETIREMENT PLAN (CONTINUED)

The following table sets forth the Plan's funded status for the for the year:

	2018	2017
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ 12,842,052	\$ 12,783,034
Service cost	145,336	144,910
Interest cost	474,698	473,025
Plan participation contributions	94,650	98,700
Actuarial Loss	(266,885)	35,382
Benefits paid	(728,881)	(692,999)
Projected benefit obligation at end of year	<u>\$ 12,560,970</u>	<u>\$ 12,842,052</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 8,375,960	\$ 8,106,195
Actual return on plan assets	330,841	564,064
Employer contributions	330,000	300,000
Plan participant contributions	94,650	98,700
Benefits paid	(728,881)	(692,999)
Fair value of plan asset at end of year	<u>8,402,570</u>	<u>8,375,960</u>
Net Underfunded status of the Plan	<u>\$ (4,158,400)</u>	<u>\$ (4,466,092)</u>
Amount recognized in statement of financial position consist of:		
Accrued pension costs	<u>\$ (4,158,400)</u>	<u>\$ (4,466,092)</u>
Unrecognized net actuarial loss	<u>\$ 3,604,494</u>	<u>\$ 4,110,296</u>
Amounts recognized in the statements of activities and changes in net assets consist of:		
Net actuarial gain (loss)	\$ (208,670)	\$ (134,489)
Amortization of net gain (loss)	(335,851)	(406,658)
Amortization of prior service credit	11,158	11,158
Amortization of prior service credit	27,561	0
Total pension-related charges other than periodic pension cost	<u>(505,802)</u>	<u>(529,989)</u>
Net periodic pension cost	<u>528,110</u>	<u>619,242</u>
Total recognized in net periodic benefit cost	<u>\$ 22,308</u>	<u>\$ 89,253</u>

**VILLAGE MISSIONS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 4 - RETIREMENT PLAN (CONTINUED)

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 \$273,069.

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.

The following assumptions were used in accounting for the Organization's pension plan at June 30, 2018 and 2017:

	2018	2017
The weighted-average assumptions used to determine benefit obligations:		
Discount rate	4.05%	3.80%
The weighted-average assumptions used to determine net periodic benefit cost:		
Discount rate	3.80%	3.80%
Expected long-term rate of return on assets	5.50%	5.75%

To determine the Organization'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.

The assets of the Plan are invested in various securities offered by the Principal Financial Group, which are all regarded as level 1. At June 30, 2018, fixed income securities make up 52% of the Plan assets and equity securities make up 48% of the Plan assets. At June 30, 2017, fixed income securities make up 53% of the Plan assets, equity securities make up 44% of the Plan assets, and other assets make up 3% of Plan assets.

The Organization'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 Institution'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.

**VILLAGE MISSIONS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 4 - RETIREMENT PLAN (CONTINUED)

No plan assets are expected to be returned to the Organization during the fiscal year ending June 30, 2019.

The Organization expects to contribute \$360,000 to the Plan during fiscal year ending June 30, 2019.

The following minimum benefit payments are expected to be paid as follows:

For the year ended June 30, 2019	\$	740,000
2020		740,000
2021		770,000
2022		770,000
2023		790,000
2024-2028		4,000,000
		<u>\$ 7,810,000</u>

NOTE 5 - EMPLOYEE MEDICAL BENEFIT PLAN

The Organization 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 churches sponsoring the missionaries, employees, and the Organization. Contributions to the Medical Plan, for the fiscal year ended June 30, 2018, range from \$408 to \$1,050 per month per employee depending on family composition. Contributions to the Medical Plan, for the fiscal year ended June 30, 2017, range from \$425 to \$1,100 per month per employee depending on family composition. At June 30, 2018 and 2017, the Organization is owed \$12,776 and \$7,030, respectively, from the Medical Plan, which is included on the statement of financial position as accounts receivable.

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 Organization through a trust. As such, the Organization has excluded the activity and balances of the Medical Plan from the Organization's financial statements.

**VILLAGE MISSIONS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 6 - RELATED PARTY TRANSACTIONS

The Organization is related by common program and activities to Village Missions Canada. The Organization provides administrative support for Village Missions Canada as specified by a service agreement entered into by both entities, which amounted to \$6,629 and \$3,458 at June 30, 2018 and 2017, respectively. The amount receivable from Village Missions Canada is \$21,259 and \$21,480 at June 30, 2018 and 2017, respectively, which is included in total accounts receivable on the statements of financial position. The Organization 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 \$35,668 and \$40,111 at June 30, 2018 and 2017, respectively.

NOTE 7 - SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2018, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is October 31, 2018, the date the financial statements were available to be issued.

**VILLAGE MISSIONS
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	Rural Ministry Program	District Representatives	Contenders	Conferences	Candidate School	Retirement Facilities	Administration	Development	Total	2017 Total
FUNCTIONAL EXPENSES										
Salaries and Wages	\$ 1,236,306	\$ 306,726	\$ 32,784	\$ 0	\$ 0	\$ 0	\$ 433,394	\$ 87,909	\$ 2,097,119	\$ 2,124,201
Payroll Taxes	1,173	0	0	0	0	0	19,839	9,569	30,581	29,612
Retirement	528,110	0	0	0	0	0	0	0	528,110	624,042
Employee Benefits	38,012	58,477	256	0	0	0	50,061	26,123	172,929	243,467
Child Supplement	0	0	0	0	0	0	0	0	0	25
Designated Gifts	2,845,851	0	0	0	0	0	0	0	2,845,851	2,808,166
Meetings and Seminars	0	0	0	0	0	0	7,085	0	7,085	4,358
Staff Training	280	190	179	227,534	25	0	4,341	1,298	233,847	218,197
Moving	10,295	0	0	0	0	0	0	0	10,295	4,137
Food	4,446	15,834	1,088	0	1,325	0	5,050	4,202	31,945	31,163
Lodging	150	16,097	587	0	6,257	0	7,784	2,510	33,385	27,619
Travel	23,165	73,881	8,251	2,508	82	187	25,011	6,040	139,125	151,716
Supplies	3,079	2,188	23	0	528	0	7,003	784	13,605	12,964
Postage and Shipping	0	151	25	0	0	10	6,153	24,170	30,509	46,166
Publicity	11,015	5,107	2,533	0	0	0	9,675	97,136	125,466	133,706
Utilities	2,709	0	0	0	0	20,124	7,052	0	29,885	27,876
Telephone	315	0	0	0	0	0	5,841	0	6,156	6,135
Auto	0	0	0	0	0	0	3,590	0	3,590	2,939
Insurance	4,746	159	0	0	0	8,090	13,607	0	26,602	22,861
Repairs & Maintenance	2,018	0	288	0	0	12,663	28,966	17,108	61,043	45,803
Dues and Subscriptions	362	0	0	0	0	0	4,807	340	5,509	5,317
Depreciation and Amortization	0	0	0	0	0	57,560	36,983	0	94,543	91,108
Donations and Grants	0	0	0	0	0	0	0	0	0	50
Professional Services	3,115	0	0	0	0	0	45,252	0	48,367	32,872
Consulting	240	1,200	610	0	0	0	36,670	18,019	56,739	55,487
Donation	0	0	0	0	0	0	51,786	0	51,786	0
Other	14,344	176	34,423	0	290	14,954	44,017	24,022	132,226	104,951
TOTAL FUNCTIONAL EXPENSES	\$ 4,729,731	\$ 480,186	\$ 81,047	\$ 230,042	\$ 8,507	\$ 113,588	\$ 853,967	\$ 319,230	\$ 6,816,298	\$ 6,854,938

**VILLAGE MISSIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget	Actual	Variance Over/Under Budget
Support and Revenue:			
Contributions	\$ 6,485,081	\$ 6,403,568	\$ (81,513)
Retirement Facility Rent	62,171	60,482	(1,689)
Interest and Dividends	63,985	44,025	(19,960)
Other Revenue	108,330	106,313	(2,017)
	<hr/>	<hr/>	<hr/>
Total Income	6,719,567	6,614,388	(105,179)
	<hr/>	<hr/>	<hr/>
Expenses			
Rural Ministry Program	4,756,173	4,729,731	(26,442)
District Representatives	454,183	480,186	26,003
Contenders	79,434	81,047	1,613
Conferences	197,000	230,042	33,042
Candidate School	6,792	8,507	1,715
Retirement Facilities	121,135	113,588	(7,547)
Administration	794,800	853,967	59,167
Development	399,237	319,230	(80,007)
Net Change in Fair Value of of Investments	0	39,332	39,332
	<hr/>	<hr/>	<hr/>
Total Expenses	6,808,754	6,855,630	46,876
	<hr/>	<hr/>	<hr/>
Change in Net Assets	(89,187)	(241,242)	(152,055)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**VILLAGE MISSIONS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Budget	Actual	Variance Over/Under Budget
Support and Revenue:			
Contributions	\$ 6,660,709	\$ 6,207,831	\$ (452,878)
Retirement Facility Rent	64,920	60,357	(4,563)
Interest and Dividends	48,945	47,423	(1,522)
Other Revenue	109,388	114,724	5,336
	<u>6,883,962</u>	<u>6,430,335</u>	<u>(453,627)</u>
Total Income			
Expenses			
Rural Ministry Program	5,568,769	5,407,234	(161,535)
Conferences	160,000	218,112	58,112
Candidate School	6,819	4,791	(2,028)
Retirement Facilities	153,249	115,061	(38,188)
Administration	640,541	793,312	152,771
Development	337,763	316,428	(21,335)
Net Change in Fair Value of of Investments	0	24,220	24,220
	<u>6,867,141</u>	<u>6,879,158</u>	<u>12,017</u>
Total Expenses			
Change in Net Assets	<u>16,821</u>	<u>(448,823)</u>	<u>(465,644)</u>