
ZIONSVILLE PRESBYTERIAN CHURCH

FINANCIAL STATEMENTS

Together with Independent Accountants' Review Report

MAY 31, 2017 AND 2016

GREENWALT^{CPAs}

We Deliver Peace of Mind



INDEPENDENT AUDITOR'S REPORT

To the Finance Team of
Zionsville Presbyterian Church:

We have audited the accompanying financial statements of Zionsville Presbyterian Church, which comprise the statement of financial position as of May 31, 2017, and the related statement of activities 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Zionsville Presbyterian Church as of May 31, 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.

Prior Period Financial Statements

The fiscal year 2016 financial statements were reviewed by us, and our report thereon, dated August 18, 2016, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Greenwald CPAs, Inc.

August 15, 2017

ZIONSVILLE PRESBYTERIAN CHURCH
 STATEMENTS OF FINANCIAL POSITION
 MAY 31, 2017 AND 2016

		Audited 2017	Reviewed 2016
ASSETS			
CURRENT ASSETS			
1	Cash and cash equivalents	\$ 724,370	\$ 843,158
2	Investments	-	5,095
	Accounts receivable, net of allowance for doubtful accounts of		
3	\$775 at May 31, 2017 and 2016	44,701	4,141
4	Prepayments	51,247	49,267
5	Donated food inventory	25,050	23,331
6	<i>Total current assets</i>	<u>845,368</u>	<u>924,992</u>
7	CASH RESTRICTED FOR ENDOWMENT	<u>32,091</u>	<u>32,091</u>
PROPERTY AND EQUIPMENT			
8	Land and improvements	1,259,184	1,259,184
9	Buildings and improvements	6,944,491	7,030,496
10	Equipment and fixtures	1,247,627	1,175,208
11	Noah's Ark fixed assets	48,064	48,064
12	Other fixed assets	38,528	38,528
13	Construction in process	-	2,555
		<u>9,537,894</u>	<u>9,554,035</u>
14	Accumulated depreciation	<u>(4,568,983)</u>	<u>(4,495,292)</u>
15	<i>Net property and equipment</i>	<u>4,968,911</u>	<u>5,058,743</u>
16	<i>Total assets</i>	<u>\$ 5,846,370</u>	<u>\$ 6,015,826</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
17	Current portion of mortgages payable	\$ 71,895	\$ 71,136
18	Accounts payable	50,494	40,747
19	Accrued expenses	109,709	100,387
20	Deferred revenue	37,603	73,583
21	<i>Total current liabilities</i>	<u>269,701</u>	<u>285,853</u>
LONG-TERM LIABILITIES			
22	Mortgages payable, net of current portion	749,281	822,141
23	Refundable advance	-	8,165
24	<i>Total long-term liabilities</i>	<u>749,281</u>	<u>830,306</u>
25	<i>Total liabilities</i>	<u>1,018,982</u>	<u>1,116,159</u>
COMMITMENTS (NOTE 5)			
NET ASSETS			
26	Unrestricted - undesignated	4,513,721	4,467,010
27	Unrestricted - designated	9,230	84,714
28	Temporarily restricted	272,346	315,852
29	Permanently restricted	32,091	32,091
30	<i>Total net assets</i>	<u>4,827,388</u>	<u>4,899,667</u>
31	<i>Total liabilities and net assets</i>	<u>\$ 5,846,370</u>	<u>\$ 6,015,826</u>

ZIONSVILLE PRESBYTERIAN CHURCH
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED MAY 31, 2017 AND 2016

	Unrestricted	Audited		Total 2017	Unrestricted	Reviewed		Total 2016
		Temporarily Restricted	Permanently Restricted			Temporarily Restricted	Permanently Restricted	
REVENUE								
1 Contribution income	\$ 2,445,384	\$ 40,464	\$ -	\$ 2,485,848	\$ 2,359,131	\$ 46,694	\$ -	\$ 2,405,825
2 Program receipts	68,223	-	-	68,223	63,370	-	-	63,370
3 Noah's Ark income, net of discounts	857,162	-	-	857,162	788,695	-	-	788,695
4 Miscellaneous income	23,192	16	-	23,208	29,317	16	-	29,333
5 Grant income	58,100	-	-	58,100	10,165	-	-	10,165
6 Net assets released from restriction	83,986	(83,986)	-	-	65,110	(65,110)	-	-
7 <i>Total revenues</i>	<u>3,536,047</u>	<u>(43,506)</u>	<u>-</u>	<u>3,492,541</u>	<u>3,315,788</u>	<u>(18,400)</u>	<u>-</u>	<u>3,297,388</u>
EXPENSES								
8 Salaries, contract labor and benefits	1,667,760	-	-	1,667,760	1,646,594	-	-	1,646,594
9 Mission/program support and travel	869,095	-	-	869,095	768,076	-	-	768,076
10 General office and administrative	344,793	-	-	344,793	281,955	-	-	281,955
11 Facility expense	302,772	-	-	302,772	241,873	-	-	241,873
12 Depreciation	255,159	-	-	255,159	254,128	-	-	254,128
13 Presbytery per capita, interest, taxes and other	125,241	-	-	125,241	148,532	-	-	148,532
14 <i>Total expenses</i>	<u>3,564,820</u>	<u>-</u>	<u>-</u>	<u>3,564,820</u>	<u>3,341,158</u>	<u>-</u>	<u>-</u>	<u>3,341,158</u>
15 CHANGE IN NET ASSETS	(28,773)	(43,506)	-	(72,279)	(25,370)	(18,400)	-	(43,770)
16 NET ASSETS, BEGINNING OF YEAR	<u>4,551,724</u>	<u>315,852</u>	<u>32,091</u>	<u>4,899,667</u>	<u>4,577,094</u>	<u>334,252</u>	<u>32,091</u>	<u>4,943,437</u>
17 NET ASSETS, END OF YEAR	<u>\$ 4,522,951</u>	<u>\$ 272,346</u>	<u>\$ 32,091</u>	<u>\$ 4,827,388</u>	<u>\$ 4,551,724</u>	<u>\$ 315,852</u>	<u>\$ 32,091</u>	<u>\$ 4,899,667</u>

CHANGE IN CASH AND CASH EQUIVALENTS

	Audited 2017	Reviewed 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
1 Cash received from programs and contributions	\$ 3,446,836	\$ 3,380,209
2 Cash paid to suppliers and employees	(3,258,759)	(3,023,839)
3 Interest received	327	320
4 Interest paid	<u>(35,532)</u>	<u>(36,122)</u>
5 <i>Net cash and cash equivalents provided by operating activities</i>	<u>152,872</u>	<u>320,568</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
6 Proceeds from sale of investments	5,095	15,780
7 Purchases of property and equipment	<u>(204,654)</u>	<u>(158,464)</u>
8 <i>Net cash and cash equivalents used in investing activities</i>	<u>(199,559)</u>	<u>(142,684)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
9 Net principal payments on mortgages payable	<u>(72,101)</u>	<u>(65,085)</u>
10 CHANGE IN CASH AND CASH EQUIVALENTS	(118,788)	112,799
11 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>843,158</u>	<u>730,359</u>
12 CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 724,370</u></u>	<u><u>\$ 843,158</u></u>

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET
 CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES**

	<u>Audited</u> <u>2017</u>	<u>Reviewed</u> <u>2016</u>
1 CHANGE IN NET ASSETS	<u>\$ (72,279)</u>	<u>\$ (43,770)</u>
 ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES		
2 Depreciation	255,159	254,128
3 Change in donated investments	-	(5,095)
4 Loss on disposal of assets	39,327	-
5 Change in donated food inventory	(1,719)	7,123
6 Change in refundable advance	(8,165)	(8,165)
<i>(Increase) decrease in operating assets:</i>		
7 Accounts receivable	(40,560)	62,789
8 Prepayments	(1,980)	(3,073)
<i>Increase (decrease) in operating liabilities:</i>		
9 Accounts payable	9,747	21,300
10 Accrued expenses	9,322	1,719
11 Deferred revenue	<u>(35,980)</u>	<u>33,612</u>
 12 <i>Total adjustments</i>	 <u>225,151</u>	 <u>364,338</u>
 13 NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES	 <u><u>\$ 152,872</u></u>	 <u><u>\$ 320,568</u></u>

ZIONSVILLE PRESBYTERIAN CHURCH

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Zionsville Presbyterian Church (the Church) was chartered as a member of the Presbyterian Church (U.S.A.) in October 1984 when local Presbyterians felt led to establish a new congregation in the Zionsville area. The Church has various ministries and mission teams. It also serves children through the Noah's Ark preschool and childcare programs. The Church is a part of the Presbytery of Whitewater Valley. The Church's primary source of revenue is contribution income.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements were prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Church considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were cash equivalents of \$2,500 at May 31, 2017 and 2016. At May 31, 2017 the Church maintained cash balances in excess of Federal Deposit Insurance Corporation limits.

ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due for tuition for children enrolled in the Noah's Ark preschool and childcare programs, reimbursement of Noah's Ark food expenses, and a refund of payroll tax payments. The tuition accounts receivable are uncollateralized obligations due at year end for educational and childcare services rendered. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the accounts that will not be collected. Management individually reviews all accounts receivable balances that exceed 90 days past due and, based on an assessment of current creditworthiness, estimates the portion – if any – of the balance that will not be collected.

DONATED FOOD INVENTORY

The valuation of inventory is performed for purposes of measuring program activity and does not reflect a net realizable value. At May 31, 2017 and 2016, the Church valued its donated food inventory at \$1.00 per pound to reflect the price at which the Church could re-purchase the food.

At May 31, 2017 and 2016, the Church had inventory on hand of \$25,050 and \$23,331, respectively.

PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost. Donated items are capitalized at fair market value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of the assets.

ZIONSVILLE PRESBYTERIAN CHURCH

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

PROPERTY AND EQUIPMENT, CONTINUED

Under the Constitution of the denomination ("The Book of Order"), all property of the Church is held in trust for the use and benefit of the Presbyterian Church (U.S.A.). In the event that the Church were to leave the denomination or to cease using the property as a church of the Presbyterian Church (U.S.A.), such property shall be held, used, applied, transferred, or sold as provided by the Presbytery.

DEFERRED REVENUE

Fees collected in advance for mission trips, youth camps, and Vacation Bible School classes that take place in the summer months have been recorded as deferred revenue.

NET ASSETS

The financial statements have been prepared in accordance with Accounting Standards for the Presentation of Financial Statements of Not-For-Profit Organizations. These standards require the Church to report the changes in and total of each of the net asset classes, based upon donor restrictions. Net assets are classified as unrestricted, temporarily restricted, and permanently restricted. The Church maintains the following classifications of net assets:

Unrestricted

These include revenue and expenses from the regular operations of the Church, the uses of which are at the discretion of management and the Session. As of May 31, 2017, the Session designated \$9,230 of net assets for the Community Assistance Fund. As of May 31, 2016, the Session designated \$84,714 of net assets for the Community Assistance Fund, Jeremiah House and a Children's Welcome Center.

Temporarily Restricted

These include contributions and grant revenues used to meet expenses in accordance with restrictions specified by the donors or grantors. 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. Temporarily restricted net assets of \$272,346 and \$315,852 at May 31, 2017 and 2016, respectively, were set aside for the following:page

ZIONSVILLE PRESBYTERIAN CHURCH

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSETS, CONTINUED

	<u>2017</u>	<u>2016</u>
Food pantry	\$ 63,154	\$ 77,378
Great Banquet/Awakening	53,933	38,568
Youth mission trips (primarily Caravan)	8,003	18,088
Youth intern program	75,631	97,507
Youth other	4,234	5,449
Missions general	50,981	63,305
Mission: gifts	1,377	3,575
Memorials	2,393	2,060
Other	12,640	9,922
	<u>\$ 272,346</u>	<u>\$ 315,852</u>

Permanently Restricted

The permanently restricted net assets include assets of the Church for which the donor has stipulated that the contribution be maintained in perpetuity. Donor imposed restrictions limiting the use of the assets or its economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose. Permanently restricted net assets of \$32,091 at May 31, 2017 and 2016, were set aside for an endowment. See Note 2.

FAIR VALUE MEASUREMENTS

Accounting Standards for Fair Value Measurements defines fair value as the price that would be received for an asset or paid to transfer a liability (exit price) in an orderly transaction. Those standards also establish a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

ZIONSVILLE PRESBYTERIAN CHURCH

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fair values measured on a recurring basis at May 31 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>2017</u>				
Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2016</u>				
Investments	<u>\$ 5,095</u>	<u>\$ 5,095</u>	<u>\$ -</u>	<u>\$ -</u>

TAX STATUS

The Church is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

EXPENSE ALLOCATION

Salaries and related expenses are charged to program services based upon estimated time spent by personnel on the related programs. Direct expenses are charged to the various programs. Occupancy expenses are allocated based upon actual utilization of space. The Church had the following expense allocation for the years ended May 31:

	<u>2017</u>	<u>2016</u>
Church and missions	\$ 1,596,296	\$ 1,440,189
Noah's Ark	745,365	780,382
Administrative	1,131,110	1,032,680
Stewardship/Benevolence	<u>92,049</u>	<u>87,907</u>
	<u>\$ 3,564,820</u>	<u>\$ 3,341,158</u>

ADVERTISING

The Church incurred \$3,127 and \$1,249 in advertising expense for the years ended May 31, 2017 and 2016, respectively. Those costs are expensed as incurred.

ZIONSVILLE PRESBYTERIAN CHURCH

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 15, 2017, the date which the financial statements were available to be issued.

2. ENDOWMENT FUND

The Church's endowment consists of donor permanently restricted contributions that were made to provide a source of future income for the Church. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The Session of the Church has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the purchasing power of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Church classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Church in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Church considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Church and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Church
- (7) The investment policies of the Church.

Changes in endowment net assets for the year ended May 31, 2017:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ 556	\$ 32,091
Net investment income	16	-
Endowment net assets, end of year	<u>\$ 572</u>	<u>\$ 32,091</u>

ZIONSVILLE PRESBYTERIAN CHURCH

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017 AND 2016

2. ENDOWMENT FUND, CONTINUED

Changes in endowment net assets for the year ended May 31, 2016:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ 540	\$ 32,091
Net investment income	<u>16</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 556</u>	<u>\$ 32,091</u>

FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires the Church to retain as a fund of perpetual duration. There were no such deficiencies as of May 31, 2017 and 2016.

RETURN OBJECTIVES AND RISK PARAMETERS

The Church has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Church must hold in perpetuity.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Church invests endowment funds in a separate interest-bearing bank account. Under this policy, the endowment assets are invested to preserve capital.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Church has a policy whereby the interest earned on the endowment account is disbursed for possible appropriation by Session members. Once appropriated for a particular reason, the funds then become unrestricted in nature.

3. BANK LINE OF CREDIT

The Church maintains a line of credit of \$400,000 with a bank that expires September 30, 2017. Borrowings bear interest at the bank's prime rate less 0.5% (3.5% at May 31, 2017) and is secured by substantially all the assets of the Church. There was no outstanding balance on the line of credit at May 31, 2017 and 2016.

ZIONSVILLE PRESBYTERIAN CHURCH

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017 AND 2016

4. MORTGAGES PAYABLE

The Church has had a mortgage on its building since September 1996. The original mortgage was modified four times before it was refinanced in July 2006. During August 2011, the Church refinanced its mortgage on the Church building. In August 2011, the original mortgage was split into two term loans – one with a fixed interest rate and one with a variable interest rate. In April 2007, the Church purchased residential property near the Church for the purpose of future expansion in the amount of \$390,000. This mortgage was refinanced in March 2012. In April 2015, the church refinanced the loans associated with both the Church and the residential property and combined them into one mortgage that was split into two term loans – one with a fixed interest rate and one with a variable interest rate. Amounts outstanding on the mortgages payable at May 31 are:

	<u>2017</u>	<u>2016</u>
Mortgage payable to bank, due in monthly installments of \$5,968, including interest at 4.59% through March 2025, secured by the Church building and substantially all assets of the Church	\$ 473,516	\$ 521,427
Mortgage payable to bank, due in monthly installments of \$2,702, including interest at prime less 0.5% (3.5% at May 31, 2017) through March 2020, with a single balloon payment in April 2020, secured by the Church building and substantially all assets of the Church	<u>347,660</u>	<u>371,850</u>
	821,176	893,277
Less current portion	<u>(71,895)</u>	<u>(71,136)</u>
Long-term portion	<u>\$ 749,281</u>	<u>\$ 822,141</u>

Maturities of the mortgages are as follows for the fiscal years ending May 31:

2018	\$ 71,895
2019	74,705
2020	361,313
2021	58,502
2022	61,245
Thereafter	<u>193,516</u>
	<u>\$ 821,176</u>

ZIONSVILLE PRESBYTERIAN CHURCH

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2017 AND 2016

5. OPERATING LEASES

The Church has lease agreements for two copier/printers and a postage meter. The lease for the two copier/printers expires in November 2019 and requires minimum payments of \$500/month. The lease for the postage meter was originally through October 2017 and required payments of \$134/month; however, the lease was ended early in March 2017. The new lease is through May 2022 and requires minimum payments of \$100/month. The rental expense for all operating leases for fiscal year 2017 and 2016 was \$7,510 and \$7,612, respectively.

Future minimum lease commitments under the operating leases are as follows for fiscal years ending May 31:

2018	\$	7,204
2019		7,204
2020		5,203
2021		1,200
2022		1,200
		<hr/>
	\$	22,011

6. RELATED PARTY TRANSACTION

A General Assembly tax expense of \$38,897 and \$35,702 for the years ended May 31, 2017 and 2016 was paid to the Presbytery of Whitewater Valley, a related party. The amounts charged were based on a flat per capita fee of \$38.55 and \$37.70, respectively, per member. However, the Church negotiated a lower total fee during both years.

7. MULTIEMPLOYER PENSION PLANS

The Church contributes to a pension plan on behalf of its ordained pastors. This is a multi-employer retirement plan in accordance with the Board of Pensions of the Presbyterian Church (U.S.A.) (EIN: 23-1352040). Contributions under this plan amounted to \$19,885 and \$18,990 for the years ended May 31, 2017 and 2016, respectively. The plan requires minimum contributions equal to 12% of respective pastors' salary. The Church's contribution to the plan did not represent more than 5% of the plan's total contributions. Information applicable to the plan is made available to the public through the Board of Pensions of the Presbyterian Church (U.S.A) website.

Government regulations impose certain requirements relative to multi-employer plans. In the event of plan termination or employer withdrawal, an employer may be liable for a portion of the plan's unfunded, vested benefits. The Presbyterian Church (U.S.A.) requires all ordained pastors to participate in the plan. The Board of Pensions indicates that there is no withdrawal liability for unfunded vested benefits, and that furthermore, the plan is fully funded. There have been no significant changes to the plan which affect the comparability of total employer contributions from the prior year.

8. RECLASSIFICATION

Certain items on the fiscal year 2016 statement of financial position have been reclassified to conform to the current year's presentation. Net assets are unchanged due to these reclassifications.