LIVING WORD UNITED METHODIST CHURCH

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2017 AND 2016

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Contents

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INDEPENDENT AUDITORS' REPORT

To the Leadership Team of
Living Word United Methodist Church

We have audited the accompanying financial statements of Living Word United Methodist Church (a Missouri not-for-profit organization) which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2017 and 2016, and the related statements of activities – modified cash basis, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 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 assets, liabilities, and net assets of Living Word United Methodist Church as of December 31, 2017 and 2016, and its revenues, expenses, and changes in its net assets for the years then ended in conformity with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Swink Smith Caplan & Co P.C.

Sunset Hills, Missouri
May 15, 2018

Living Word United Methodist Church
Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis
As of December 31, 2017 and 2016

	2017	2016 (restated)
Assets		
Current Assets		
Cash and cash equivalents	$ 463,843	$ 338,062
Accounts receivable	-	73
Prepaid expenses	7,575	85,987
Total Current Assets	471,418	424,122
Investments, at fair value	1,135,928	937,673
Endowment	18,761	16,445
Property and Equipment, net	8,413,369	8,637,401
Total Assets	$ 10,039,476	$ 10,015,641
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	$ 186,720	$ 180,983
Total Current Liabilities	186,720	180,983
Long-Term Debt	3,505,272	3,691,983
Total Liabilities	3,691,992	3,872,966
Unrestricted		
Undesignated	5,229,232	5,270,081
Designated	563,745	386,801
Total Unrestricted Net Assets	5,792,977	5,656,882
Restricted		
Temporarily restricted	548,906	480,192
Permanently restricted	5,600	5,600
Total Restricted Net Assets	554,506	485,792
Total Net Assets	6,347,484	6,142,675
Total Liabilities and Net Assets	$ 10,039,476	$ 10,015,641

Living Word United Methodist Church
Statement of Activities – Modified Cash Basis
Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue				
Contributions	$ 2,171,538	$ 319,518	$ -	$ 2,491,056
Investment income	60,652	2,316	-	62,968
Program income	298,286	-	-	298,286
Other receipts	3,473	-	-	3,473
Net Assets Released from Restriction	253,120	(253,120)	-	-
Total Revenue	2,787,069	68,714	-	2,855,783
Expenses				
Program Expenses				
Missions	656,183	-	-	656,183
Ministry	1,223,389	-	-	1,223,389
Early childhood center	208,363	-	-	208,363
Total Program Expenses	2,087,935	-	-	2,087,935
Supporting Services				
Management and General	197,811	-	-	197,811
Fundraising	22,740	-	-	22,740
Total Supporting Services	220,551	-	-	220,551
Total Expenses	2,308,486	-	-	2,308,486
Other Expenses				
Depreciation	(224,031)	-	-	(224,031)
Interest	(118,457)	-	-	(118,457)
Total Other Expenses	(342,488)	-	-	(342,488)
Change in Net Assets	136,095	68,714	-	204,809
Net Assets, Beginning of Year (restated)	5,656,882	480,192	5,600	6,142,675
Net Assets, End of Year	$ 5,792,977	$ 548,906	$ 5,600	$ 6,347,484

Living Word United Methodist Church
Statement of Activities – Modified Cash Basis
Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue				
Contributions	$ 2,104,539	$ 440,435	$ -	$ 2,544,974
Investment income	69,683	1,021	-	70,704
Program income	195,868	-	-	195,868
Other receipts	11,782	-	-	11,782
Net Assets Released from Restriction	505,707	(505,707)	-	-
Total Revenue	2,887,579	(64,251)	-	2,823,328
Expenses				
Program Expenses				
Missions	842,363	-	-	842,363
Ministry	1,233,755	-	-	1,233,755
Early Childhood Center	202,939	-	-	202,939
Total Program Expenses	2,279,057	-	-	2,279,057
Supporting Services				
Management and General	204,207	-	-	204,207
Fundraising	22,969	-	-	22,969
Total Supporting Services	227,176	-	-	227,176
Total Expenses	2,506,233	-	-	2,506,233
Other Expenses				
Depreciation	(227,918)	-	-	(227,918)
Interest	(124,019)	-	-	(124,019)
Total Other Expenses	(351,937)	-	-	(351,937)
Change in Net Assets	29,409	(64,251)	-	(34,842)
Net Assets, Beginning of Year	5,596,731	490,555	5,600	6,092,886
Net Assets, End of Year	5,626,140	426,304	5,600	6,058,044
Prior Period Adjustment	30,742	53,888	-	84,631
Net Assets, End of Year (restated)	$ 5,656,882	$ 480,192	$ 5,600	$ 6,142,675

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Nature of Operations

Living Word United Methodist Church (the “Church”) is a Missouri not-for-profit organization that serves approximately 1,000 members. The Church was established in 1962 and is located on Manchester Road in Wildwood, Missouri. The Church serves a variety of missions including operating a preschool Monday through Thursday.

Basis of Accounting

The accompanying financial statements of the Church have been prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States. Under the modified cash basis of accounting, revenue is recognized as income when cash is received, and expenses are recognized when paid.

These financial statements include the activities of the Church’s general operating funds and restricted funds. General operating funds include unrestricted funds and board designated funds that are unrestricted by the donor but are designated by the board for a specific purpose. Restricted funds are designated by donors for specific purposes or time restrictions. Inter-fund balances are eliminated for financial statement purposes.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions of Financial Accounting Standards Board (“FASB”), Accounting Standards Codification (the “FASB ASC”), which is the source of authoritative, non-governmental guidance for the modified cash basis of accounting. All references to authoritative accounting guidance contained in the disclosures are based on the general accounting topics within the FASB ASC.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Church and changes therein are classified into three categories of net assets, as applicable, and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. Board designated funds are established by the Board of Directors and represent unrestricted net assets that have been set aside for a particular purpose.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Church and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations required to be maintained permanently by the Church. The income earned on any related investment may also be subject to donor-imposed stipulations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

The Church follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

Cash and Cash Equivalents

The Church considers temporary cash investments with original maturities of less than 90 days to be cash equivalents.

Accounts Receivable

Accounts receivable consist of amounts due from individuals to the Church. The Church considers accounts receivable to be fully collectible at December 31, 2017 and 2016.

Property and Equipment

Property and equipment acquisitions with a life of three years or more and a cost in excess of $7,500 are capitalized and stated at cost. Donated assets are recorded at fair value as of the date of the donation. Donated assets are reported as increases in unrestricted net assets unless the donor has restricted the donated asset for a specific purpose. Major additions and improvements are capitalized, while maintenance and repairs are expensed, as incurred. When assets are sold or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets.

The estimated lives for computing depreciation on property and equipment are:

Classification	Years
Building	27.5 - 39
Furniture and equipment	5 - 15
Vehicles	10

Long-Lived Asset Impairment

The Church evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2017 and 2016.

Endowment Fund

The Church's endowment consists of one individual fund established exclusively for the purpose of providing members and friends opportunities to make charitable gifts to the Church that will become a source for long-term financial support and living memorials. This endowment includes only donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The funds are invested at the Missouri United Methodist Foundation, Inc. (the "Foundation"). The Church may withdraw funds as provided for in the agreement. Unless withdrawn by the Church, the earnings and realized gains, if any, will be reinvested in the account. It is the policy of the Foundation to process withdrawals following the next Valuation Date pursuant to written notice received from the Church. Accounts may be moved or reallocated among the funds in keeping with the policies of the Foundation and the direction of the Church.

Accounts may be canceled at any time by the Church or the Foundation, within sixty days following the receipt of appropriate written notice. In the event of any such cancelation, the Foundation shall pay to the Church all sums then remaining in the account, including capital appreciation and any earnings remaining unpaid.

The State of Missouri enacted the State Prudent Management of Institutional Funds Act ("SPMIFA") effective August 28, 2009. The Church has interpreted the SPMIFA as requiring the preservation of the original gift amount, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Church classifies, as permanently restricted net assets, the original value of gifts donated to the permanent endowment and any subsequent gifts to the permanent endowment. The remaining portion of funds are appropriated for expenditure by the Church in a manner consistent with the standard of prudence prescribed by SPMIFA.

Support and Revenue

Contributions are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. When a restriction expires, temporarily restricted net assets are reclassified from restrictions. Donor restricted contributions for which the restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. 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.

Donated Materials and Services

Donated noncash assets are recorded as contributions at their fair values on the date of donation. No donated materials were recorded for the years ended December 31, 2017 and 2016.

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Church. Volunteers provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Expense Allocation

The Church allocates its expenses on a functional basis among its program and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Advertising

The Church records advertising expenses to communications expense as they are incurred. Advertising costs totaled $17,206 and $16,714 for the years ended December 31, 2017 and 2016, respectively.

Income Tax Status

The Church is exempt from federal income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code (the "Code"), except on net income derived from unrelated business activities as defined in the Code, for which there was none. The Church qualifies for the charitable contribution deduction under Section 170(b)(2) and is not a private foundation. As a church, it is not required to file an annual informational return with the Internal Revenue Service.

The Church follows guidance issued by the FASB on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions.

Reclassifications

Certain reclassifications have been made to the 2016 disclosures to conform with the current year presentation.

Subsequent Events

The Church has evaluated subsequent events through May 15, 2018, the date which the financial statements were available to be issued.

Recently-Issued Accounting Pronouncements

Not-for-profit entities

In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities to improve the net asset classification requirements and information presented in financial statements. The update requires a nonprofit organization to present, on the face of the statement of financial position, amounts for two classes of net assets: *net assets with donor restrictions* and *net assets without donor restrictions*. This replaces the current presentation, which includes three classes of net assets. In addition, this ASU requires a nonprofit to present, on the statement of activities, the change in each of the two classes of net assets, rather than that of the currently required three classes. The ASU also requires a nonprofit to present, on the face of the statement of cash flows, the net amount for operating cash flows using either the direct or indirect method of reporting, but no longer requires the presentation or disclosure of the indirect method (reconciliation) if using the direct method.

This ASU will provide for enhanced disclosures about the following:

- Amounts and purposes of governing board designations, appropriations, etc.,
- Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources,
- Qualitative information that communicates how a nonprofit manages its liquid resources,
- Quantitative information and additional qualitative information that communicates the availability of a nonprofit's financial assets,
- Amounts of expenses by both their natural classification and their functional classification,
- Method(s) used to allocate costs among program and support functions,
- Underwater endowment funds.

The ASU requires a nonprofit to report investment return net of external and direct internal investment expenses and no longer requires disclosure of those netted expenses. Finally, this ASU requires use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset.

This ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Based on preliminary analysis, the Church expects the new guidance will have a significant impact on its financial statements.

Revenue from contracts with customers

In May 2016, the FASB issued ASU 2016-09, Revenue from Contracts with Customers (Topic 606) to develop a common revenue standard. ASU 2016-09 requires a nonprofit organization to depict the transfer of promised goods or services to customers in an amount that reflects the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. To achieve this, an entity will apply a five-step, principles-based approach: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. In addition, this ASU requires enhanced disclosure requirements intended to provide financial statement users with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

This ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2018. Based on preliminary analysis, the Church has not yet determined what impact, if any, the new guidance will have on its financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) to improve the quality and comparability of financial reporting by providing greater transparency about leverage, the assets an organization uses in its operations, and the risks to which it is exposed from entering into leasing transactions. This ASU requires a lessee to recognize assets and liabilities for leases with lease terms of more than 12 months. A lessee will recognize a “right-of-use” (ROU) asset, representing its right to use the leased asset for the lease term, and lease liability, representing its obligation to make lease payments, in the statement of financial position.

When determining a lease term, an entity should consider all relevant factors that create a significant economic incentive to exercise an option to extend, or not to terminate, the lease. An entity should include such an option in the lease term only if it is reasonably certain that the lease will exercise the option or will not terminate the lease. When measuring the lease asset and lease liabilities, the optional payments to purchase the underlying asset should be included if the lessee is reasonably certain to exercise that option. In addition, the ASU requires disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases, including: qualitative and quantitative requirements as well as additional information about the amounts recorded in the financial statements.

This ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2019. Based on preliminary analysis, the Church has not yet determined what impact, if any, the new guidance will have on its financial statements.

3. Fair Value Measurement

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are accessible unadjusted quoted prices for identical assets or liabilities in active markets.

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 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.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The instruments' 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.

Carrying amounts of certain financial instruments such as cash and cash equivalents approximate fair value due to their short maturities or because the terms are similar to market terms. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Following is a description of the valuation methodologies used for instruments measured at fair value within the financial statements:

Level 1 — Instruments consist of publicly traded common stocks, bonds, and mutual funds. Common stocks and mutual funds are traded on national exchanges and are stated at the last reported sales price on the date of valuation. Bonds are valued using a market approach on yields currently available on comparable securities of issuers with similar characteristics.

Level 2 — Instruments consist of the Missouri United Methodist Foundation Investment Fund (the endowment fund). The endowment fund is valued at "market value" per share ("MV"). MV is calculated by the Missouri United Methodist Foundation, Inc. based on quoted market prices of underlying investments held by the fund.

The following table presents the fair value measurements of instruments recognized in the accompanying statement of financial position as of December 31, 2017 and 2016:

	2017			
	Total	Level 1	Level 2	Level 3
Endowment funds	$ 18,761	$ -	$ 18,761	-
Equities	195,588	195,588	-	-
Mutual funds	940,340	940,340	-	-
Total	$ 1,154,689	$ 1,135,928	$ 18,761	$ -

	2016			
	Total	Level 1	Level 2	Level 3
Endowment funds	$ 16,445	$ -	$ 16,445	$ -
Equities	138,825	138,825	-	-
Mutual funds	659,333	659,333	-	-
Exchange traded funds	139,515	139,515	-	-
Total	$ 954,118	$ 937,673	$ 16,445	$ -

4. INVESTMENTS

A summary of the cost and fair value of investments held by the Church as of December 31, 2017 and 2016 is as follows:

	2017		
	Cost	Unrealized Gains	Fair Value
Equities	$ 145,772	$ 49,816	$ 195,588
Mutual funds	933,687	6,653	940,340
	$ 1,079,459	$ 56,470	$ 1,135,928

	2016		
	Cost	Unrealized Gains (Losses)	Fair Value
Equities	$ 119,389	$ 19,436	$ 138,825
Mutual funds	673,328	(13,995)	659,333
Exchange traded funds	128,872	10,643	139,515
	$ 921,589	$ 16,084	$ 937,673

Investment income for the years ended December 31, is as follows:

	2017	2016
Interest and dividend income	$ 31,139	$ 28,359
Net realized and unrealized gains (losses)	29,513	41,324
	$ 60,652	$ 69,683

5. PROPERTY AND EQUIPMENT

Property and equipment at December 31, is as follows:

	2017	2016
Land	$ 2,500,000	$ 2,500,000
Building	8,258,456	8,258,456
Furniture and equipment	155,258	155,258
Vehicles	68,962	68,962
	10,982,676	10,982,676
Less: Accumulated	2,569,307	2,345,275
	$ 8,413,369	$ 8,637,401

Depreciation expense for the years ended December 31, 2017 and 2016 totaled $224,031 and $227,918, respectively.

6. LINE OF CREDIT

The Church has a line of credit agreement (the "Agreement") of $350,000, scheduled to expire on July 1, 2018. Interest is payable on the outstanding balance at the Prime Rate (4.50 percent at December 31, 2017) plus 0.25 percent, and borrowings are secured by the Church's property at 17315 Manchester Road. The Church was in compliance with all covenants at December 31, 2017. As of December 31, 2017 and 2016, there were no borrowings outstanding under this line of credit.

7. LONG-TERM DEBT

Long-term debt at December 31, is as follows:

	2017	2016
Note payable, secured by deed of trust on 17315 Manchester Rd, interest at 3.125 percent, monthly principal and interest payments of $24,953, maturing June 2024.	$ 3,691,992	$ 3,872,966
Less: current maturities	186,720	180,983
	$ 3,505,272	$ 3,691,983

Maturities of long-term debt as of December 31, 2017 are as follows:

December 31,	
2018	$ 186,720
2019	192,640
2020	198,747
2021	205,047
2022	211,548
Thereafter	2,697,290
	$ 3,691,992

8. DESIGNATED

The Church's Leadership Team has designated unrestricted net assets for the following purposes:

	2017	2016
For church reserve	$ 163,169	$ -
For strategic planning	400,576	386,801
	$ 563,745	$ 386,801

9. RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following:

	2017	2016
Purpose restrictions	$ 548,906	$ 480,192

Permanently restricted net assets were restricted to:

	2017	2016
Endowment Fund	$ 5,600	$ 5,600

Net assets were released from restrictions for the years ended December 31, are as follows:

	2017	2016
Fulfillment of purpose	$ 253,120	$ 505,707

10. ENDOWMENT FUNDS

The Church has implemented a spending and investment policy, with the approval of the Leadership Team, that provides for predictability in funding to the Church as well as longevity of the funds. In accordance with SPMIFA, the Church considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Church
- The investment policies of the Church

Endowment funds at December 31, are as follows:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment
Endowment Funds	$ -	$ 13,161	$ 5,600	$ 18,761

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment
Endowment Funds	$ -	$ 10,845	$ 5,600	$ 16,445

Changes in endowment net assets for the years ended December 31, are as follows:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment
Endowment net assets, beginning of year	$ -	$ 10,845	$ 5,600	$ 16,445
Investment income	-	2,316	-	2,316
Endowment net assets, end of year	$ -	$ 13,161	$ 5,600	$ 18,761

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment
Endowment net assets, beginning of year	$ -	$ 9,824	$ 5,600	$ 15,424
Investment income	-	1,021	-	1,021
Endowment net assets, end of year	$ -	$ 10,845	$ 5,600	$ 16,445

11. RELATED PARTY TRANSACTIONS

The Church is a member in the national network of the United Methodist Church ("UMC").

Affiliate Agreements

The Church makes monthly apportionment payments to the Missouri Conference of the UMC for general church and conference support. Payments to the Missouri Conference for the years ended December 31, 2017 and 2016 totaled $208,084 and $213,931, respectively.

Investments

The Church holds investments in an investment fund with the Missouri United Methodist Foundation. Fair market value of these investments as of December 31, 2017 and 2016 totaled $18,761 and $16,445, respectively.

12. RETIREMENT PLAN

The Church maintains a contributory retirement plan (the "Plan") under Section 403(b) of the internal revenue code, covering substantially all employees who meet eligibility requirements, as defined by the Plan. Under the terms of the Plan document, the Church will make matching contributions to the Plan up to three percent of the participant's compensation. Employer contributions to the Plan totaled $7,663 and $8,965 for the years ended December 31, 2017 and 2016, respectively.

13. PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2017, management determined various receipts were being recorded as restricted contributions, rather than payments for programs, causing temporarily restricted net assets to be overstated and unrestricted net assets to be understated for the year ended December 31, 2016. In addition, various transfers to Ghana missions were being recorded as temporarily restricted net assets, rather than as prepaid expenses. Accordingly, a prior period adjustment has been made to restate the beginning net assets. Following is a schedule of the effect of the change on net assets and prepaid expenses:

	Originally-Issued	Adjustment	Restated
Prepaid Expense	1,356	84,631	85,987
Undesignated Net Assets	(5,239,339)	(30,742)	(5,270,081)
Temporarily Restricted Net Assets	(426,304)	(53,888)	(480,192)

14. RISKS AND UNCERTAINTIES

Concentrations

Contributions from one donor were approximately 13 and 14 percent of the Church's total contributions for the years ended December 31, 2017 and 2016, respectively.

Concentration of Credit Risk

Financial instruments that potentially subject the Church to credit risk consist principally of cash and cash equivalents. The Church places its cash primarily with one financial institution. Deposits at this are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At December 31, 2017, cash balances in excess of FDIC limits totaled $168,550. The Church performs ongoing credit evaluations of its clients and maintains allowances, as needed, for potential credit losses. Although the Church is directly affected by the financial stability of its client base, management does not believe significant risk exists at December 31, 2017.

15. COMMITMENTS AND CONTINGENCIES

Leases

The Church leases equipment under non-cancellable operating lease agreements. Future minimum lease payments at December 31, 2017 are as follows:

December 31,		
2018	$	4,008
2019		4,008
2020		2,672
	$	10,688

Rent expense for the years ended December 31, 2017 and 2016 totaled $6,631 and $5,513, respectively.