

Presbyterian Frontier Fellowship
D/B/A Frontier Fellowship

Financial Statements
Together with
Independent Auditors' Report

June 30, 2018

PRESBYTERIAN FRONTIER FELLOWSHIP DBA FRONTIER FELLOWSHIP

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Presbyterian Frontier Fellowship
Richfield, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Presbyterian Frontier Fellowship d/b/a Frontier Fellowship (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expense and 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 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 Presbyterian Frontier Fellowship 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.

Eden Prairie, Minnesota
November 19, 2018

OlsenThielen & Co., Ltd.

PRESBYTERIAN FRONTIER FELLOWSHIP DBA FRONTIER FELLOWSHIP

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

ASSETS		
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 1,406,364	\$ 1,357,740
Prepaid Expense	796	796
Total Current Assets	<u>1,407,160</u>	<u>1,358,536</u>
PROPERTY AND EQUIPMENT:		
Equipment	37,467	39,267
Less Accumulated Depreciation	33,160	31,936
Net Property and Equipment	<u>4,307</u>	<u>7,331</u>
INVESTMENTS:		
Charitable Remainder Trust	775	985
Marketable Securities	4,955,941	4,894,059
Mineral Rights	6	28,760
Total Investments	<u>4,956,722</u>	<u>4,923,804</u>
OTHER ASSETS:		
Staff Advances	<u>3,000</u>	<u>3,000</u>
 TOTAL ASSETS	 <u><u>\$ 6,371,189</u></u>	 <u><u>\$ 6,292,671</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 20,784	\$ 22,669
Payroll Liabilities	3,608	2,050
Project Expenses Payable	331,799	270,069
Total Current Liabilities	<u>356,191</u>	<u>294,788</u>
NET ASSETS:		
Unrestricted	5,512,424	5,387,127
Temporarily Restricted	501,799	609,771
Permanently Restricted	775	985
Total Net Assets	<u>6,014,998</u>	<u>5,997,883</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 6,371,189</u></u>	 <u><u>\$ 6,292,671</u></u>

The accompanying notes are an integral part of the financial statements

PRESBYTERIAN FRONTIER FELLOWSHIP DBA FRONTIER FELLOWSHIP

**STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018			2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:								
Contributions	\$ 852,898	\$ 424,539	\$ -	\$ 1,277,437	\$ 1,067,080	\$ 424,125	\$ -	\$ 1,491,205
Project Contributions	139,939	52,592	-	192,531	79,237	185,646	-	264,883
Investment Income	293,063	-	(210)	292,853	566,588	-	(385)	566,203
Other	50,891	-	-	50,891	37,853	-	-	37,853
Net Assets Released from Restrictions:								
Satisfaction of Purpose Restriction	585,103	(585,103)	-	-	310,014	(310,014)	-	-
Total Support and Revenue	<u>1,921,894</u>	<u>(107,972)</u>	<u>(210)</u>	<u>1,813,712</u>	<u>2,060,772</u>	<u>299,757</u>	<u>(385)</u>	<u>2,360,144</u>
EXPENSES:								
Program Services	1,383,667	-	-	1,383,667	1,318,813	-	-	1,318,813
General and Administrative	305,547	-	-	305,547	247,916	-	-	247,916
Fundraising	107,383	-	-	107,383	108,286	-	-	108,286
Total Expenses	<u>1,796,597</u>	<u>-</u>	<u>-</u>	<u>1,796,597</u>	<u>1,675,015</u>	<u>-</u>	<u>-</u>	<u>1,675,015</u>
CHANGE IN NET ASSETS	125,297	(107,972)	(210)	17,115	385,757	299,757	(385)	685,129
NET ASSETS at Beginning of Year	<u>5,387,127</u>	<u>609,771</u>	<u>985</u>	<u>5,997,883</u>	<u>5,001,370</u>	<u>310,014</u>	<u>1,370</u>	<u>5,312,754</u>
NET ASSETS at End of Year	<u><u>\$ 5,512,424</u></u>	<u><u>\$ 501,799</u></u>	<u><u>\$ 775</u></u>	<u><u>\$ 6,014,998</u></u>	<u><u>\$ 5,387,127</u></u>	<u><u>\$ 609,771</u></u>	<u><u>\$ 985</u></u>	<u><u>\$ 5,997,883</u></u>

The accompanying notes are an integral part of the financial statements

PRESBYTERIAN FRONTIER FELLOWSHIP DBA FRONTIER FELLOWSHIP

**STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018			2017				
	Program Services	General and Administrative	Fund-raising	Total	Program Services	General and Administrative	Fund-raising	Total
PERSONNEL AND RELATED EXPENSES:								
Salaries	\$ 501,865	\$ 103,442	\$ 38,328	\$ 643,635	\$ 527,179	\$ 83,313	\$ 40,992	\$ 651,484
Housing	216,246	39,000	21,694	276,940	154,592	19,500	16,010	190,102
Benefits	177,322	74,668	17,874	269,864	160,828	53,755	16,430	231,013
Domestic Travel	74,081	1,525	15,090	90,696	68,379	394	16,209	84,982
International Travel	12,744	-	-	12,744	18,771	-	-	18,771
Payroll Taxes	28,229	4,294	1,228	33,751	26,117	3,187	1,485	30,789
OPERATING EXPENSES:								
PFF Project Payments	252,959	-	-	252,959	241,859	-	-	241,859
Communications	9,802	758	752	11,312	7,921	555	633	9,109
Office Supplies	3,212	3,931	492	7,635	6,065	4,327	541	10,933
Promotional Materials	68,477	1	4,395	72,873	70,756	1	4,510	75,267
Rent	-	15,054	-	15,054	-	14,679	-	14,679
Depreciation	-	3,024	-	3,024	-	5,051	-	5,051
Professional Fees	3,191	18,483	-	21,674	5,877	33,306	-	39,183
Postage	3,163	938	732	4,833	3,818	476	925	5,219
Board Meetings	-	10,741	-	10,741	-	2,429	-	2,429
Staff Meetings	6,069	1,138	379	7,586	5,538	1,038	346	6,922
Insurance	-	8,015	-	8,015	-	8,030	-	8,030
Support Activities	13,668	4,207	6,215	24,090	11,920	3,016	10,176	25,112
Information Tech	12,639	1,200	204	14,043	9,193	992	29	10,214
Fees	-	7,546	-	7,546	-	13,617	-	13,617
Other	-	4,432	-	4,432	-	250	-	250
Charitable Contributions	-	3,150	-	3,150	-	-	-	-
TOTAL	\$ 1,383,667	\$ 305,547	\$ 107,383	\$ 1,796,597	\$ 1,318,813	\$ 247,916	\$ 108,286	\$ 1,675,015

The accompanying notes are an integral part of the financial statements

PRESBYTERIAN FRONTIER FELLOWSHIP DBA FRONTIER FELLOWSHIP

**STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change In Net Assets	\$ 17,115	\$ 685,129
Adjustments To Reconcile Change In Net Assets To Net Cash		
Flows From Operating Activities:		
Depreciation	3,024	5,051
Unrealized (Gain) Loss on Investments	33,394	(317,539)
Realized Gain on Investments	(238,918)	(34,991)
Changes in Assets and Liabilities:		
Accounts Payable	(1,885)	5,413
Payroll Liabilities	1,558	294
Project Expenses Payable	61,730	99,286
Net Cash Flows From Operating Activities	<u>(123,982)</u>	<u>442,643</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of Investments	2,348,811	2,010,690
Purchases of Investments	(2,176,205)	(2,018,297)
Purchases of Equipment	-	(1,019)
Net Cash Flows From Investing Activities	<u>172,606</u>	<u>(8,626)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	48,624	434,017
CASH AND CASH EQUIVALENTS at Beginning of Period	<u>1,357,740</u>	<u>923,723</u>
CASH AND CASH EQUIVALENTS at End of Period	<u>\$ 1,406,364</u>	<u>\$ 1,357,740</u>

The accompanying notes are an integral part of the financial statements

PRESBYTERIAN FRONTIER FELLOWSHIP DBA FRONTIER FELLOWSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The national office of Presbyterian Frontier Fellowship (the Organization) is located in Minnesota with a mission to mobilize congregations to participate with God in bringing good news of the kingdom into cultures where the church has yet to take root, with operations primarily funded by grants and donations. The Organization has adopted the assumed name Frontier Fellowship, effective October, 2016.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Revenue, expenses, gains and losses, and net assets are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

Unrestricted Net Assets - Resources over which the Board of Directors has discretionary control. Designated amounts represent those net assets which the Board has set aside for a particular purpose.

Temporarily Restricted Net Assets - Resources received with donor stipulations that limit the use of the donated assets. 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.

Permanently Restricted Net Assets - Net assets subject to donor imposed restrictions that they be maintained permanently by the Organization. The donors have permitted the Organization to use all or part of the income earned, including capital appreciation, for unrestricted or temporarily restricted purposes. Permanently restricted net assets consist of investments restricted for the endowment fund.

Accounting Estimates

The presentation 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 the reported amounts of assets and liabilities and 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.

Subsequent Events

In preparing these financial statements, the Organization has evaluated for recognition or disclosure the events or transactions that occurred through November 19, 2018, the date the financial statements were available to be issued.

PRESBYTERIAN FRONTIER FELLOWSHIP DBA FRONTIER FELLOWSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents

The Organization considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximates market value.

Equipment and Depreciation

Equipment is carried at cost or, if donated, at the approximated fair value at the date of donation. Additions, improvements or major renewals are capitalized. If equipment is sold, retired or otherwise disposed of, equipment is removed from the asset and accumulated depreciation accounts and any gain or loss thereon is reflected in the statement of activities.

Depreciation is computed using the straight-line method at rates based on the estimated service lives of the assets, ranging from three to five years.

Investments

Investments in marketable securities are stated at fair value, which is determined by quoted market prices in active markets. Realized and unrealized gains and losses are included in the statement of activities. Realized gains and losses are determined using the specific identification method. Interest and dividend income are reported as income when earned.

Charitable Remainder Trusts

The Organization is the beneficiary of certain trusts held and administered by others. The Organization's share of these trust assets is recorded at fair value as interests in trusts held by others with carrying values adjusted annually for changes in fair value.

Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. 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. Donor-imposed contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Contributed materials are recorded as contributions, when received, at their fair market value when such value can be objectively and accurately determined.

PRESBYTERIAN FRONTIER FELLOWSHIP DBA FRONTIER FELLOWSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expense

The costs of providing various programs and services are summarized on a functional basis on the statement of activities. Accordingly, certain costs were allocated among the programs or services benefited based on best estimates by management.

Income Tax

The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code therefore, the statements do not include a provision for income taxes. The Organization has no unrelated business income tax in 2018 and 2017.

The Organization reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Organization has identified no significant income tax uncertainties. The Organization files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

Staff Advances

The Organization may provide a cash advance to staff to provide for regularly-incurred monthly reimbursable expenses. The advance is non-interest bearing and returned to the Organization upon termination of employment.

Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash investments with high credit quality financial institutions. At times, the Organization may have deposits in financial institutions in excess of federally insured limits. As of June 30, 2018, the Organization had approximately \$117,000 of significant concentrations of credit risk.

Fair Value Measurements

Under generally accepted accounting principles, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standard establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 - Observable inputs such as quoted prices in active markets;

Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and,

Level 3 - Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

PRESBYTERIAN FRONTIER FELLOWSHIP DBA FRONTIER FELLOWSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The Organization uses observable market data, when available, in making fair value measurements. Fair value measurements are classified according to the lowest level input that is significant to the valuation.

The Organization holds certain assets that are required to be measured at fair value on a recurring basis. The Organization's investment securities and charitable remainder trusts were determined based on inputs as presented in Note 2.

Endowment Funds

Endowment funds are administered by the Presbyterian Church (USA) Foundation. Unrestricted income earned from endowment investments is remitted to the Organization throughout the year.

The Organization follows the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). This provides guidance on the classification of endowment net assets and enhances disclosure for endowment funds. Under UPMIFA all unappropriated endowment funds are considered restricted.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides guidance for accounting for revenue from contracts with customers. The new guidance outlines a single comprehensive model for organizations to use in accounting for revenue from contracts with customers. This ASU is effective for annual and interim periods beginning after December 15, 2018 with early adoption permitted. It can be adopted using either a retrospective approach or a modified retrospective approach. The Organization is currently evaluating this guidance to determine the impact it may have on its financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. This ASU is effective for annual and interim periods beginning after December 15, 2019 with early adoption permitted. It is to be adopted using the modified retrospective approach. The Organization is currently evaluating this guidance to determine the impact it may have on its financial statements.

In August 2016, FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which provides guidance for presentation of financial statements of not-for-profit entities. The new guidance requires a number of changes in the financial statement presentation including presenting two classes of net assets, underwater endowments, investment return, enhanced disclosures on board designations and management of liquid resources for cash flows, and present expenses by their natural and functional classification. The ASU will be effective for financial statements for fiscal years beginning after December 15, 2017 with early adoption permitted. The amendments in this update should be applied on a retrospective basis. However, if presenting comparative financial statements, the Organization has the option to omit the following

PRESBYTERIAN FRONTIER FELLOWSHIP DBA FRONTIER FELLOWSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

information for any periods presented before the period of adoption: analysis of expenses by both natural classification and functional classification and disclosures about liquidity and availability of resources. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

Reclassifications

Certain amounts in the 2017 financial statements and notes have been reclassified to conform with the 2018 presentation. These reclassifications had no effect on net income or stockholders' equity for either period.

NOTE 2 - INVESTMENTS

Investments are stated at fair value at June 30, 2018 and 2017, and consisted of the following:

	2018	2017
Mutual Funds	\$ 113,358	\$ 104,585
Government Bonds and Notes	625,370	419,249
Domestic Bonds and Notes	1,018,407	1,256,603
Common and Preferred Stocks	3,198,806	3,113,622
Mineral Rights	6	28,760
Presbyterian Church USA Foundation Funds:		
Presbyterian Foundation	775	985
Total	\$ 4,956,722	\$ 4,923,804

Net investment income for the years ended June 30, 2018 and 2017 consisted of the following:

	2018		
	Unrestricted	Permanently Restricted	Total
Interest and Dividends	\$ 120,334	\$ -	\$ 120,334
Realized Gains on Sales of Investments	238,918	-	238,918
Unrealized Gains (Losses) on Investments	(33,184)	(210)	(33,394)
Management Fees	(33,005)	-	(33,005)
Total	\$ 293,063	\$ (210)	\$ 292,853

PRSBYTERIAN FRONTIER FELLOWSHIP DBA FRONTIER FELLOWSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - INVESTMENTS (Continued)

	2017		
	Unrestricted	Permanently Restricted	Total
Interest and Dividends	\$ 244,307	\$ –	\$ 244,307
Realized Gains on Sales of Investments	34,991	–	34,991
Unrealized Gains (Losses) on Investments	317,924	(385)	317,539
Management Fees	(30,634)	–	(30,634)
Total	\$ 566,588	\$ (385)	\$ 566,203

The following table, as of June 30, 2018 and 2017, provides information by level for assets that are measured at fair value, on a recurring basis.

Description	Total	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
2018:				
Mutual Funds	\$ 113,358	\$ 113,358	\$ –	\$ –
Government Bonds and Notes	625,370	–	625,370	–
Domestic Bonds and Notes	1,018,407	207,771	810,636	–
Common and Preferred Stocks	3,198,806	3,198,806	–	–
Mineral Rights	6	–	–	6
Presbyterian Church USA Foundation Funds:				
Presbyterian Foundation	775	–	–	775
	\$ 4,956,722	\$ 3,519,935	\$ 1,436,006	\$ 781

Description	Total	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
2017:				
Mutual Funds	\$ 104,585	\$ 104,585	\$ –	\$ –
Government Bonds and Notes	419,249	–	419,249	–
Domestic Bonds and Notes	1,256,603	437,527	819,076	–
Common and Preferred Stocks	3,113,622	3,113,622	–	–
Mineral Rights	28,760	–	–	28,760
Presbyterian Church USA Foundation Funds:				
Presbyterian Foundation	985	–	–	985
	\$ 4,923,804	\$ 3,655,734	\$ 1,238,325	\$ 29,745

The Organization holds investments in a variety of investment funds. In general, its investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and such changes could be material to the amount reported in the statement of financial position.

PRESBYTERIAN FRONTIER FELLOWSHIP DBA FRONTIER FELLOWSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - INVESTMENTS (Continued)

The fair value of the Organization's common and preferred stocks, mutual funds and some of its bond holdings are determined by reference to quoted market prices and other relevant information generated by market transactions. These investments are classified within Level 1 of the valuation hierarchy.

The fair value of the Organization's mortgage-backed securities and other debt obligations were determined based on Level 2 inputs and are estimated as the present value of expected future cash inflows, taking into account (1) the type of security, its term and any underlying collateral, (2) the seniority level of the debt security, and (3) quotes received from brokers and pricing services. In applying the valuation model, significant inputs including probability of default for debt securities, the estimated prepayment rate, and the projected yield based on estimated future market rates for similar securities.

Fair value measurements of investments which utilize inputs classified as Level 3 include investments held by others in charitable remainder trusts and mineral rights assets. The Trustee calculates the Organizations share of the charitable remainder trust using a discounted valued of each life income plan in which the Organization has been named as a beneficiary. The custodian calculates the Organizations fair value of mineral rights using an industry standard formula based upon the average of the past three year's royalty income times a factor of 10.

The following table provides summary of changes in fair value of the Organization's Level 3 financial assets for the years ended 2018 and 2017:

Balance, at June 30, 2016	\$ 34,435
Net Realized and Unrealized Losses on Investments	<u>(4,690)</u>
Balance, at June 30, 2017	29,745
Net Realized and Unrealized Losses on Investments	<u>(28,964)</u>
Balance, at June 30, 2018	<u>\$ 781</u>

NOTE 3 - RELATED PARTY TRANSACTIONS

The Organization joined forces with another non-profit organization to form The A Partners doing business as (The Antioch Partners) created primarily to handle foreign missionary activities. The Organization appoints three board members to The Antioch Partners Board of Directors. The Organization performs management and accounting services for The Antioch Partners. The organization bills The Antioch Partners for these services based upon hours worked at the agreed upon rate for the specific employees. Revenue for these services was \$16,228 and \$15,506 for the years ended June 30, 2018 and 2017.

PRESBYTERIAN FRONTIER FELLOWSHIP DBA FRONTIER FELLOWSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - LEASES

The Organization rents office space in Minnesota under a non-cancelable lease. The Minnesota lease expired in June 2012 and renews annually with a 90-day termination clause.

Rent expense under this lease was \$15,054 and \$14,679 for the years ended June 30, 2018 and 2017.

NOTE 5 - BENEFITS PLAN

All employees who are Ordained Ministers of the Word and Sacrament of the PCUSA participate in the Benefits Plan administered by the Board of Pensions of the PCUSA. All other program staff are eligible for comparable benefits at the same percentage of their annual salary as available to those participating in the PCUSA plan. The benefits provide participants major medical, retirement, disability and death benefits. The Organization contributed \$95,243 and \$95,169 to the pension plans during the years ended June 30, 2018 and 2017.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of support received for staff members as follows:

	<u>2018</u>	<u>2017</u>
Temporarily Restricted Funds for Operating Expenses	<u>\$ 501,799</u>	<u>\$ 609,771</u>

Temporarily restricted net assets released from restriction were \$585,103 and \$310,014 in 2018 and 2017. Temporarily restricted net assets were released from restriction due to satisfaction of program and timing restrictions.

NOTE 7 - PROJECT FUNDING

The Organization receives funding for two types of frontier mission projects. All supported projects are approved by the Executive Director and the relevant staff member, in accordance with board-approved guidelines. For some projects, the Organization has control over how the funds are used and those funds are included on the Statement of Activities. For other projects, the Organization does not have control over how the funds are used and is acting only as the intermediary to collect and disburse the designated funds. All contributions are disbursed monthly or held by the Organization until the projects are ready to receive the disbursements. During the years ended June 30, 2018 and 2017 the Organization received, as the intermediary, approximately \$539,000 and \$412,000 designated for project funding. At June 30, 2018 and 2017, the Organization had \$331,000 and \$265,400 remaining to be disbursed under these projects.