

Presbyterian Frontier Fellowship  
D/B/A Frontier Fellowship

Financial Statements  
Together with  
Independent Auditors' Report

June 30, 2019

**PRESBYTERIAN FRONTIER FELLOWSHIP  
D/B/A FRONTIER FELLOWSHIP**

**TABLE OF CONTENTS**

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	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-14

## 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, 2019 and 2018, and the related statements of activities, functional expenses 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 D/B/A Frontier Fellowship as of June 30, 2019 and 2018, 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  
October 14, 2019

**PRESBYTERIAN FRONTIER FELLOWSHIP  
D/B/A FRONTIER FELLOWSHIP**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018**

ASSETS		
	2019	2018
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$ 1,043,641	\$ 1,406,364
Prepaid Expense	2,960	796
Total Current Assets	1,046,601	1,407,160
<b>PROPERTY AND EQUIPMENT:</b>		
Equipment	40,970	37,467
Less Accumulated Depreciation	35,299	33,160
Net Property and Equipment	5,671	4,307
<b>INVESTMENTS:</b>		
Charitable Remainder Trust	489	775
Marketable Securities	5,208,833	4,955,941
Mineral Rights	6	6
Total Investments	5,209,328	4,956,722
<b>OTHER ASSETS:</b>		
Staff Advances	3,000	3,000
<b>TOTAL ASSETS</b>	<b>\$ 6,264,600</b>	<b>\$ 6,371,189</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$ 87,295	\$ 20,784
Payroll Liabilities	2,077	3,608
Project Expenses Payable	384,300	331,799
Total Current Liabilities	473,672	356,191
<b>NET ASSETS:</b>		
Net Assets without Donor Restriction	5,396,754	5,512,424
Net Assets with Donor Restriction	394,174	502,574
Total Net Assets	5,790,928	6,014,998
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,264,600</b>	<b>\$ 6,371,189</b>

*The accompanying notes are an integral part of the financial statements*

**PRESBYTERIAN FRONTIER FELLOWSHIP  
D/B/A FRONTIER FELLOWSHIP**

**STATEMENT OF ACTIVITIES  
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019			2018		
	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 816,545	\$ 335,100	\$ 1,151,645	\$ 852,898	\$ 424,539	\$ 1,277,437
Project Contributions	322,602	32,793	355,395	139,939	52,592	192,531
Investment Income	243,947	(286)	243,661	293,063	(210)	292,853
Other	57,464	-	57,464	50,891	-	50,891
Net Assets Released from Restrictions:						
Satisfaction of Purpose Restriction	476,007	(476,007)	-	585,103	(585,103)	-
Total Support and Revenue	<u>1,916,565</u>	<u>(108,400)</u>	<u>1,808,165</u>	<u>1,921,894</u>	<u>(108,182)</u>	<u>1,813,712</u>
<b>EXPENSES:</b>						
Program Services	1,379,764	-	1,379,764	1,383,667	-	1,383,667
General and Administrative	124,734	-	124,734	305,547	-	305,547
Fundraising	527,737	-	527,737	107,383	-	107,383
Total Expenses	<u>2,032,235</u>	<u>-</u>	<u>2,032,235</u>	<u>1,796,597</u>	<u>-</u>	<u>1,796,597</u>
CHANGE IN NET ASSETS	(115,670)	(108,400)	(224,070)	125,297	(108,182)	17,115
NET ASSETS at Beginning of Year	<u>5,512,424</u>	<u>502,574</u>	<u>6,014,998</u>	<u>5,387,127</u>	<u>610,756</u>	<u>5,997,883</u>
NET ASSETS at End of Year	<u>\$ 5,396,754</u>	<u>\$ 394,174</u>	<u>\$ 5,790,928</u>	<u>\$ 5,512,424</u>	<u>\$ 502,574</u>	<u>\$ 6,014,998</u>

*The accompanying notes are an integral part of the financial statements*

**PRESBYTERIAN FRONTIER FELLOWSHIP  
D/B/A FRONTIER FELLOWSHIP**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019				2018			
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fund-raising</u>	<u>Total</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fund-raising</u>	<u>Total</u>
PERSONNEL AND RELATED EXPENSES:								
Salaries	\$ 377,420	\$ 46,361	\$ 244,544	\$ 668,325	\$ 501,865	\$ 103,442	\$ 38,328	\$ 643,635
Housing	203,927	8,400	88,280	300,607	216,246	39,000	21,694	276,940
Benefits	172,889	14,391	93,822	281,102	177,322	74,668	17,874	269,864
Sabbatical	8,254	—	3,537	11,791	—	—	—	—
Domestic Travel	39,966	24,836	19,685	84,487	74,081	1,525	15,090	90,696
International Travel	12,401	—	—	12,401	12,744	—	—	12,744
Payroll Taxes	14,018	6,866	16,568	37,452	28,229	4,294	1,228	33,751
OPERATING EXPENSES:								
PFF Project Payments	430,823	—	—	430,823	252,959	—	—	252,959
Communications	5,957	2,771	6,833	15,561	9,802	758	752	11,312
Office Supplies	2,830	167	2,648	5,645	3,212	3,931	492	7,635
Promotional Materials	60,064	—	6,293	66,357	68,477	1	4,395	72,873
Rent	3,490	4,202	7,632	15,324	—	15,054	—	15,054
Depreciation	386	703	1,179	2,268	—	3,024	—	3,024
Professional Fees	1,964	3,580	6,006	11,550	3,191	18,483	—	21,674
Postage	3,113	437	2,148	5,698	3,163	938	732	4,833
Board Meetings	5,603	312	311	6,226	—	10,741	—	10,741
Staff Meetings	12,488	2,341	781	15,610	6,069	1,138	379	7,586
Insurance	3,924	1,077	2,693	7,694	—	8,015	—	8,015
Support Activities	13,521	—	11,390	24,911	13,668	4,207	6,215	24,090
Information Tech	3,203	1,650	3,898	8,751	12,639	1,200	204	14,043
Fees	1,780	3,461	4,157	9,398	—	7,546	—	7,546
Other	1,743	3,179	5,332	10,254	—	4,432	—	4,432
Charitable Contributions	—	—	—	—	—	3,150	—	3,150
<b>TOTAL</b>	<b>\$ 1,379,764</b>	<b>\$ 124,734</b>	<b>\$ 527,737</b>	<b>\$ 2,032,235</b>	<b>\$ 1,383,667</b>	<b>\$ 305,547</b>	<b>\$ 107,383</b>	<b>\$ 1,796,597</b>

*The accompanying notes are an integral part of the financial statements*

**PRESBYTERIAN FRONTIER FELLOWSHIP  
D/B/A FRONTIER FELLOWSHIP**

**STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change In Net Assets	<b>\$ (224,070)</b>	\$ 17,115
Adjustments To Reconcile Change In Net Assets To Net Cash		
Flows From Operating Activities:		
Depreciation	<b>2,268</b>	3,024
Unrealized (Gain) Loss on Investments	<b>47,197</b>	33,394
Realized Gain on Investments	<b>(190,255)</b>	(238,918)
Changes in Assets and Liabilities:		
Prepaid Expense	<b>(2,164)</b>	-
Accounts Payable	<b>66,511</b>	(1,885)
Payroll Liabilities	<b>(1,531)</b>	1,558
Project Expenses Payable	<b>52,501</b>	61,730
Net Cash Flows From Operating Activities	<b>(249,543)</b>	(123,982)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of Investments	<b>1,888,795</b>	2,348,811
Purchases of Investments	<b>(1,998,343)</b>	(2,176,205)
Purchases of Equipment	<b>(3,632)</b>	-
Net Cash Flows From Investing Activities	<b>(113,180)</b>	172,606
NET CHANGE IN CASH AND CASH EQUIVALENTS	<b>(362,723)</b>	48,624
CASH AND CASH EQUIVALENTS at Beginning of Period	<b>1,406,364</b>	1,357,740
CASH AND CASH EQUIVALENTS at End of Period	<b>\$ 1,043,641</b>	<b>\$ 1,406,364</b>

*The accompanying notes are an integral part of the financial statements*

**PRESBYTERIAN FRONTIER FELLOWSHIP  
D/B/A FRONTIER FELLOWSHIP**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The national office of Presbyterian Frontier Fellowship D/B/A 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:

Net Asset without Donor Restrictions - Net assets without donor restrictions are resources available to support operations which the Board of Directors has discretionary control.

Net Assets with Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

**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 October 14, 2019, the date the financial statements were available to be issued.

**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.



**PRESBYTERIAN FRONTIER FELLOWSHIP  
D/B/A FRONTIER FELLOWSHIP**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, net assets with donor restrictions reclassified to net assets without donor restrictions 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.

**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 2019 and 2018.

**PRESBYTERIAN FRONTIER FELLOWSHIP  
D/B/A FRONTIER FELLOWSHIP**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Tax (Continued)**

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. The Organization had a credit risk concentration as a result of depositing \$120,000 of funds in excess of insurance limits.

**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.

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.

**PRESBYTERIAN FRONTIER FELLOWSHIP  
D/B/A FRONTIER FELLOWSHIP**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Change in Accounting Principle**

In 2018, the Organization implemented Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, applying the changes retrospectively. The new standard changes the following aspects of the financial statements:

- 1) The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions. The unrestricted net asset class has been renamed net assets without donor restrictions.
- 2) The financial statements include a statement of functional expenses, which presents expenses by both their natural classification and their functional classification.
- 3) The financial statements include a disclosure about liquidity and availability of resources.
- 4) Investment and brokerage fees have been included with investment gains (losses) instead of expenses.

The new standard did not have a significant effect on previously reported net assets.

**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.

**PRESBYTERIAN FRONTIER FELLOWSHIP  
D/B/A FRONTIER FELLOWSHIP**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Reclassifications**

Certain amounts in the 2018 financial statements and notes have been reclassified to conform with the 2019 presentation. These reclassifications had no effect on net assets for either period.

**NOTE 2 - INVESTMENTS**

Investments are stated at fair value at June 30, 2019 and 2018, and consisted of the following:

	<u>2019</u>	<u>2018</u>
Mutual Funds	\$ 118,065	\$ 113,358
Government Bonds and Notes	699,518	625,370
Domestic Bonds and Notes	1,214,636	1,018,407
Common and Preferred Stocks	3,176,614	3,198,806
Mineral Rights	6	6
Presbyterian Church USA Foundation Funds:		
Presbyterian Foundation	<u>489</u>	<u>775</u>
Total	<u>\$ 5,209,328</u>	<u>\$ 4,956,722</u>

Net investment income for the years ended June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>		
	<u>Net Assets Without Donor Restriction</u>	<u>Net Assets With Donor Restriction</u>	<u>Total</u>
Interest and Dividends	\$ 131,569	\$ -	\$ 131,569
Realized Gains on Sales of Investments	190,255	-	190,255
Unrealized Gains (Losses) on Investments	(46,911)	(286)	(47,197)
Management Fees	<u>(30,966)</u>	<u>-</u>	<u>(30,966)</u>
Total	<u>\$ 243,947</u>	<u>\$ (286)</u>	<u>\$ 243,661</u>
	<u>2018</u>		
	<u>Net Assets Without Donor Restriction</u>	<u>Net Assets With Donor Restriction</u>	<u>Total</u>
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	<u>(33,005)</u>	<u>-</u>	<u>(33,005)</u>
Total	<u>\$ 293,063</u>	<u>\$ (210)</u>	<u>\$ 292,853</u>

**PRESBYTERIAN FRONTIER FELLOWSHIP  
D/B/A FRONTIER FELLOWSHIP**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - INVESTMENTS (Continued)**

The following table, as of June 30, 2019 and 2018, 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
<b>2019:</b>				
Mutual Funds	\$ 118,065	\$ 118,065	\$ -	\$ -
Government Bonds and Notes	699,518	-	699,518	-
Domestic Bonds and Notes	1,214,636	207,317	1,007,319	-
Common and Preferred Stocks	3,176,614	3,176,614	-	-
Mineral Rights	6	-	-	6
Presbyterian Church USA Foundation Funds:				
Presbyterian Foundation	489	-	-	489
	<u>\$ 5,209,328</u>	<u>\$ 3,501,996</u>	<u>\$ 1,706,837</u>	<u>\$ 495</u>

Description	Total	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
<b>2018:</b>				
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
	<u>\$ 4,956,722</u>	<u>\$ 3,519,935</u>	<u>\$ 1,436,006</u>	<u>\$ 781</u>

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.

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.

**PRESBYTERIAN FRONTIER FELLOWSHIP  
D/B/A FRONTIER FELLOWSHIP**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - INVESTMENTS (Continued)**

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 2019 and 2018:

Balance, at June 30, 2017	\$ 29,745
Net Realized and Unrealized Losses on Investments	<u>(28,964)</u>
Balance, at June 30, 2018	781
Net Realized and Unrealized Losses on Investments	<u>(286)</u>
Balance, at June 30, 2019	<u>\$ 495</u>

**NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization maintains and manages adequate operating reserves per policies set by the board of directors. The Organization maintains an Investment Policy Statement that governs the types of investments the Organization maintains.

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of June 30, 2019 are as follows:

Financial Assets:	
Cash and Cash Equivalents	\$ 1,043,641
Investment Securities	5,208,833
Total Financial Assets	<u>6,252,474</u>
Less Financial Assets Held to Meet Donor Restrictions:	
Purpose Restricted-Net Assets	<u>394,174</u>
Amounts Available for General Expenditure within One Year	<u>\$ 5,858,300</u>

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in short-term investments.

**PRESBYTERIAN FRONTIER FELLOWSHIP  
D/B/A FRONTIER FELLOWSHIP**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 4 - 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 \$17,957 and \$16,228 for the years ended June 30, 2019 and 2018.

**NOTE 5 - 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 \$15,324 and \$15,054 for the years ended June 30, 2019 and 2018.

**NOTE 6 - 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 eligible employees may participate in the plan offered by the PCUSA Board of Pensions. The benefits provide participants major medical, dental, retirement, disability and death benefits. The Organization contributed \$92,544 and \$95,243 to the pension plans during the years ended June 30, 2019 and 2018.

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restriction consisted of support received for staff members as follows:

	<u>2019</u>	<u>2018</u>
Net Assets with Donor Restriction for Operating Expenses	<u>\$ 394,174</u>	<u>\$ 502,574</u>

Net assets with donor restriction released from restriction were \$476,007 and \$585,103 in 2019 and 2018. Net assets with donor restriction were released from restriction due to satisfaction of program restrictions.

**PRESBYTERIAN FRONTIER FELLOWSHIP  
D/B/A FRONTIER FELLOWSHIP**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 8 - 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, 2019 and 2018 the Organization received, as the intermediary, approximately \$701,000 and \$539,000 designated for project funding. At June 30, 2019 and 2018, the Organization had \$384,000 and \$331,000 remaining to be disbursed under these projects.