

Presbyterian Frontier Fellowship  
D/B/A Frontier Fellowship

Financial Statements  
Together with  
Independent Auditors' Report

June 30, 2023

**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	6-15

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Presbyterian Frontier Fellowship  
Richfield, Minnesota

### Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Presbyterian Frontier Fellowship and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Presbyterian Frontier Fellowship's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Presbyterian Frontier Fellowship's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Presbyterian Frontier Fellowship's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Olsen Thielen & Co., Ltd*

Eden Prairie, Minnesota  
October 25, 2023

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

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2023 AND 2022**

ASSETS		
	2023	2022
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$ 1,753,264	\$ 661,909
Prepaid Expense	5,250	4,363
Total Current Assets	1,758,514	666,272
<b>PROPERTY AND EQUIPMENT:</b>		
Equipment	51,682	48,454
Less Accumulated Depreciation	41,725	39,126
Net Property and Equipment	9,957	9,328
<b>INVESTMENTS:</b>		
Charitable Remainder Trust	301	301
Marketable Securities	4,150,778	5,212,864
Mineral Rights	50,202	48,036
Total Investments	4,201,281	5,261,201
<b>OTHER ASSETS:</b>		
Operating Lease Right-of-Use Asset	36,329	-
Staff Advances	6,000	5,000
	42,329	5,000
<b>TOTAL ASSETS</b>	<b>\$ 6,012,081</b>	<b>\$ 5,941,801</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Current Operating Lease Obligations	\$ 17,900	\$ -
Accounts Payable	27,597	33,018
Payroll Liabilities	1,897	1,720
Project Expenses Payable	433,043	148,423
Total Current Liabilities	480,437	183,161
<b>OPERATING LEASE OBLIGATION</b>	<b>19,128</b>	<b>-</b>
<b>NET ASSETS:</b>		
Net Assets without Donor Restriction	4,682,698	4,955,450
Net Assets with Donor Restriction	829,818	803,190
Total Net Assets	5,512,516	5,758,640
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,012,081</b>	<b>\$ 5,941,801</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, 2023 AND 2022**

	<u>2023</u>			<u>2022</u>		
	<u>Net Assets Without Donor Restriction</u>	<u>Net Assets With Donor Restriction</u>	<u>Total</u>	<u>Net Assets Without Donor Restriction</u>	<u>Net Assets With Donor Restriction</u>	<u>Total</u>
SUPPORT AND REVENUE:						
Contributions	\$ 924,955	\$ 488,385	\$ 1,413,340	\$ 932,089	\$ 606,924	\$ 1,539,013
Project Contributions	449,344	156,621	605,965	363,061	48,192	411,253
Investment Income	355,526	-	355,526	(627,019)	-	(627,019)
Other	170,559	-	170,559	34,223	-	34,223
Net Assets Released from Restrictions:						
Satisfaction of Purpose Restriction	618,378	(618,378)	-	571,923	(571,923)	-
Total Support and Revenue	<u>2,518,762</u>	<u>26,628</u>	<u>2,545,390</u>	<u>1,274,277</u>	<u>83,193</u>	<u>1,357,470</u>
EXPENSES:						
Program Services	2,027,754	-	2,027,754	1,685,082	-	1,685,082
General and Administrative	325,362	-	325,362	328,076	-	328,076
Fundraising	438,398	-	438,398	268,326	-	268,326
Total Expenses	<u>2,791,514</u>	<u>-</u>	<u>2,791,514</u>	<u>2,281,484</u>	<u>-</u>	<u>2,281,484</u>
CHANGE IN NET ASSETS	(272,752)	26,628	(246,124)	(1,007,207)	83,193	(924,014)
NET ASSETS at Beginning of Year	<u>4,955,450</u>	<u>803,190</u>	<u>5,758,640</u>	<u>5,962,657</u>	<u>719,997</u>	<u>6,682,654</u>
NET ASSETS at End of Year	<u>\$ 4,682,698</u>	<u>\$ 829,818</u>	<u>\$ 5,512,516</u>	<u>\$ 4,955,450</u>	<u>\$ 803,190</u>	<u>\$ 5,758,640</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, 2023 AND 2022**

	2023				2022			
	Program Services	General and Administrative	Fund- raising	Total	Program Services	General and Administrative	Fund- raising	Total
PERSONNEL AND RELATED EXPENSES:								
Salaries	\$ 618,422	\$ 179,568	\$ 102,289	\$ 900,279	\$ 582,341	\$ 169,068	\$ 96,968	\$ 848,377
Housing	225,112	5,000	33,901	264,013	198,155	5,000	30,906	234,061
Benefits	228,762	49,726	39,946	318,434	200,379	44,136	35,211	279,726
Domestic Travel	90,290	20,072	13,856	124,218	63,987	13,610	9,702	87,299
International Travel	166,502	-	-	166,502	19,670	-	-	19,670
Payroll Taxes	34,183	13,965	5,680	53,828	32,854	13,096	5,415	51,365
OPERATING EXPENSES:								
Campaign	79,954	3,075	70,729	153,758	33,011	14,148	-	47,159
Anniversary	41,234	1,586	36,476	79,296	12,083	5,179	-	17,262
Project Payments	327,734	-	-	327,734	331,527	-	-	331,527
Communications	-	-	-	-	3,913	593	548	5,054
Office Supplies	6,146	2,253	1,112	9,511	7,861	1,845	1,225	10,931
Promotional Materials	115,082	-	6,418	121,500	90,059	-	5,273	95,332
Rent	7,905	14,707	2,772	25,384	7,622	14,018	2,652	24,292
Depreciation	2,339	-	260	2,599	940	877	272	2,089
Professional Fees	-	3,955	12,523	16,478	-	14,685	46,504	61,189
Postage	3,421	68	350	3,839	5,480	51	587	6,118
Staff Meetings	17,219	3,229	1,076	21,524	34,973	6,557	2,186	43,716
Insurance	6,245	6,245	-	12,490	5,673	5,673	-	11,346
Support Activities	25,004	629	103,377	129,010	23,422	784	23,846	48,052
Information Tech	19,616	10,783	4,234	34,633	20,987	10,724	4,374	36,085
Fees	11,204	9,213	3,000	23,417	8,523	6,518	2,188	17,229
Other	1,380	1,288	399	3,067	1,622	1,514	469	3,605
<b>TOTAL</b>	<b>\$ 2,027,754</b>	<b>\$ 325,362</b>	<b>\$ 438,398</b>	<b>\$ 2,791,514</b>	<b>\$ 1,685,082</b>	<b>\$ 328,076</b>	<b>\$ 268,326</b>	<b>\$ 2,281,484</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, 2023 AND 2022**

	<b>2023</b>	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change In Net Assets	\$ (246,124)	\$ (924,014)
Adjustments To Reconcile Change In Net Assets To Net Cash		
Flows From Operating Activities:		
Depreciation	2,599	2,089
Non-Cash Lease Expense	17,326	-
Cash Payments on Operating Lease Obligations	(16,627)	-
Unrealized (Gain) Loss on Investments	(307,250)	1,014,801
Realized (Gain) Loss on Investments	46,402	(313,366)
Changes in Assets and Liabilities:		
Prepaid Expense	(887)	164
Staff Advances	(1,000)	-
Accounts Payable	(5,421)	15,159
Payroll Liabilities	177	504
Project Expenses Payable	284,620	(56,937)
Net Cash Flows From Operating Activities	<b>(226,185)</b>	<b>(261,600)</b>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of Investments	3,283,126	1,751,414
Purchases of Investments	(1,962,358)	(2,036,831)
Purchases of Equipment	(3,228)	-
Net Cash Flows From Investing Activities	<b>1,317,540</b>	<b>(285,417)</b>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<b>1,091,355</b>	<b>(547,017)</b>
CASH AND CASH EQUIVALENTS at Beginning of Period	<b>661,909</b>	1,208,926
CASH AND CASH EQUIVALENTS at End of Period	<b>\$ 1,753,264</b>	<b>\$ 661,909</b>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Initial Right-of-Use Asset and Lease Obligation Upon Adoption of New Lease Standard	\$ 53,655	\$ -

*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.

**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 Assets without Donor Restrictions - Net assets without donor restrictions are resources available to support operations over 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 25, 2023, 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**

Contribution Revenue

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are not recognized until they become unconditional. 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 are 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 net assets without donor restrictions.

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.

**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**

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 2023 and 2022.

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 approximately \$496,000 of funds in excess of insurance limits in a single bank.

**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, which 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  
D/B/A FRONTIER FELLOWSHIP**

**NOTES TO FINANCIAL STATEMENTS**

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**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 net assets with donor restrictions.

**Change in Accounting Principle**

Effective July 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities.

The Organization elected to adopt FASB ASC 842, *Leases* using the optional transition method that allows the Organization to initially apply the new leases standard at the adoption date. As a result, the Organization's reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840.

The Organization elected certain practical expedients, including the package of transition practical expedients. The Organization also made an accounting policy election to exempt short-term leases of 12 months or less from statement of financial position recognition requirements associated with the new standard and fixed payments for short-term leases will be recognized as a straight-line expense over the lease term.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use assets, net of prepaid lease payments and lease incentives, of \$53,655, and operating lease liabilities of \$53,655 as of July 1, 2022.

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

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - INVESTMENTS**

Investments are stated at fair value at June 30, 2023 and 2022, and consisted of the following:

	<u>2023</u>	<u>2022</u>
Mutual Funds	\$ 166,418	\$ 146,991
Government Bonds and Notes	624,463	830,011
Domestic Bonds and Notes	880,773	1,213,852
Common and Preferred Stocks	2,479,124	3,022,010
Mineral Rights	50,202	48,036
Presbyterian Church USA Foundation Funds:		
Presbyterian Foundation	<u>301</u>	<u>301</u>
Total	<u>\$ 4,201,281</u>	<u>\$ 5,261,201</u>

Net investment income for the years ended June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>		
	<u>Net Assets Without Donor Restriction</u>	<u>Net Assets With Donor Restriction</u>	<u>Total</u>
Interest and Dividends	\$ 127,593	\$ -	\$ 127,593
Realized Losses on Sales of Investments	(46,402)	-	(46,402)
Unrealized Gains (Losses) on Investments	307,250	-	307,250
Management Fees	<u>(32,915)</u>	<u>-</u>	<u>(32,915)</u>
Total	<u>\$ 355,526</u>	<u>\$ -</u>	<u>\$ 355,526</u>
	<u>2022</u>		
	<u>Net Assets Without Donor Restriction</u>	<u>Net Assets With Donor Restriction</u>	<u>Total</u>
Interest and Dividends	\$ 111,316	\$ -	\$ 111,316
Realized Gains on Sales of Investments	313,366	-	313,366
Unrealized Gains (Losses) on Investments	(1,014,801)	-	(1,014,801)
Management Fees	<u>(36,900)</u>	<u>-</u>	<u>(36,900)</u>
Total	<u>\$ (627,019)</u>	<u>\$ -</u>	<u>\$ (627,019)</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - INVESTMENTS (Continued)**

The following table, as of June 30, 2023 and 2022, 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>2023:</b>				
Mutual Funds	\$ 166,418	\$ 166,418	\$ -	\$ -
Government Bonds and Notes	624,463	-	624,463	-
Domestic Bonds and Notes	880,773	563,858	316,915	-
Common and Preferred Stocks	2,479,124	2,479,124	-	-
Mineral Rights	50,202	-	-	50,202
Presbyterian Church USA Foundation Funds: Presbyterian Foundation	301	-	-	301
	<u>\$ 4,201,281</u>	<u>\$ 3,209,400</u>	<u>\$ 941,378</u>	<u>\$ 50,503</u>

Description	Total	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
<b>2022:</b>				
Mutual Funds	\$ 146,991	\$ 146,991	\$ -	\$ -
Government Bonds and Notes	830,011	-	830,011	-
Domestic Bonds and Notes	1,213,852	209,579	1,004,273	-
Common and Preferred Stocks	3,022,010	3,022,010	-	-
Mineral Rights	48,036	-	-	48,036
Presbyterian Church USA Foundation Funds: Presbyterian Foundation	301	-	-	301
	<u>\$ 5,261,201</u>	<u>\$ 3,378,580</u>	<u>\$ 1,834,284</u>	<u>\$ 48,337</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.

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.

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - INVESTMENTS (Continued)**

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 value 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 2023 and 2022:

Balance, at June 30, 2021	\$ 42,961
Net Realized and Unrealized Gains on Investments	<u>5,376</u>
Balance, at June 30, 2022	48,337
Net Realized and Unrealized Gains on Investments	<u>2,166</u>
Balance, at June 30, 2023	<u><b>\$ 50,503</b></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 as of June 30, 2023 and 2022 are as follows:

	2023	2022
Financial Assets:		
Cash and Cash Equivalents	<b>\$ 1,753,264</b>	\$ 661,909
Investment Securities	<b>4,150,778</b>	5,212,864
Total Financial Assets	<b><u>5,904,042</u></b>	<u>5,874,773</u>
Less Financial Assets Held to Meet Donor Restrictions:		
Purpose Restricted-Net Assets	<b><u>829,818</u></b>	<u>803,190</u>
Amounts Available for General Expenditure within One Year	<b><u>\$ 5,074,224</u></b>	<b><u>\$ 5,071,583</u></b>

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**

**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 \$22,310 and \$21,826 for the years ended and June 30, 2023 and 2022.

**NOTE 5 - LEASE COMMITMENT**

The Organization leases its principal office space in Richfield, Minnesota under a non-cancelable lease. This lease extends to July 1, 2025.

The components of lease expense are included in Rent Expense on Statement of Functional Expenses in the Statement of Activities for the year ended June 30, 2023 and 2022 were as follows:

	<b>2023</b>	2022
Lease Expense under ASC 840 (Legacy Standard)	<b>\$ -</b>	\$ 18,820
Amortization of Right of Use Asset	<b>16,710</b>	-
Total Lease Expense	<b><u>\$ 16,710</u></b>	<b><u>\$ 18,820</u></b>

Operating lease right-of-use assets were \$37,028 as of June 30, 2023.

The maturity of operating lease liabilities as of, June 30, 2023 are as follows:

Commitments:	
2023	\$ 19,400
2024	19,700
Total Lease Payments	39,100
Less Interest	<u>(2,072)</u>
Present Value of Lease Obligation	<b><u>\$ 37,028</u></b>
Statement of Financial Position Presentation:	
Current Portion of Operating Lease Obligation	\$ 17,900
Non-Current Operating Lease Obligation	<u>19,128</u>
Present Value of Lease Obligation	<b><u>\$ 37,028</u></b>

The weighted average remaining lease term related to the Organization's operating lease liability as of June 30, 2023, was two years.

The discount rate related to the Organization's operating lease liabilities as of June 30, 2023 was 5.5%. The discount rates are generally based on estimates of the Organization's incremental borrowing rate, as the discount rates implicit in the Organizations leases cannot be readily determined.



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

**NOTES TO FINANCIAL STATEMENTS**

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**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 \$84,358 and \$73,759 to the pension plans during the years ended June 30, 2023 and 2022.

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

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

	<u>2023</u>	<u>2022</u>
Net Assets with Donor Restriction for Operating Expenses	<u>\$ 829,818</u>	<u>\$ 803,190</u>

Net assets with donor restriction released from restriction were \$618,378 and \$571,932 in 2023 and 2022. Net assets with donor restriction were released from restriction due to satisfaction of program restrictions.

**NOTE 8 - PROJECT FUNDING**

The Organization receives funding for two types of frontier mission projects. The Executive Director and the relevant staff members approve all supported projects, in accordance with board 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, 2023 and 2022 the Organization received, as the intermediary, approximately \$459,000 and \$248,000 designated for project funding. At June 30, 2023 and 2022, the Organization had \$433,000 and \$148,000 remaining to be disbursed under these projects.