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**OHIO CONFERENCE  
OF THE UNITED CHURCH OF CHRIST  
AUDIT OF THE FINANCIAL STATEMENTS  
For the Years Ended  
December 31, 2016 and 2015**

**OHIO CONFERENCE  
OF THE UNITED CHURCH OF CHRIST**

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## **Independent Auditor's Report**

Conference Board of Directors  
Ohio Conference  
Of the United Church of Christ

We have audited the accompanying financial statements of Ohio Conference of the United Church of Christ (the Conference), a nonprofit organization, which comprise the statement of financial position as of December 31, 2016, and the related statement of activities and cash flows for the years then ended 2016 and 2015, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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 the 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.

### **Basis for Adverse Opinion**

Ohio Conference receives restricted contributions and these are recorded in two deferred revenue accounts which are liability accounts on the Balance Sheet. Management posts these contributions in deferred revenue because they must be distributed to 39 individual restricted funds and requires the purchases of individual United Church Fund investments. On the other hand, there were 99 checks written from the two deferred accounts as expenses and these would require individual sales of the United Church Fund investments. The presentation of such information is not in accordance with accounting principles generally accepted in the United State of America. The effects on the financial statements are contributions and expenses are both understated at yearend in various restricted funds in an amount that is not reasonable determinable. There were approximately 290 transactions in the two deferred revenue accounts which could be reclassified, however, because an audit must be performed within economic limitations and the reclassification of approximately 290 transactions would place various United Church Fund Investments out of balance, it is not feasible. Management concurs with us.

### **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements referred to above do not present fairly, in all material respects, the financial position of the Conference at December 31, 2016 and 2015, and 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.

### **Report on Summarized Comparative Information**

The prior year summarized comparative information has been derived from the Conference's financial statements. In our report dated March 31, 2016, we expressed an unqualified opinion on those financial statements.

April 19, 2017  
Findlay, Ohio

*Reichert & Associates, CPAs*  
**REICHERT & ASSOCIATES, CPA'S**  
Certified Public Accountants

**Ohio Conference  
of the United Church of Christ  
Statement of Financial Position  
December 31, 2016 and 2015**

Assets:	2016	2015
Cash:		
Cash and Cash Equivalents	\$ 78,348	\$ 79,734
Accounts Receivable	227,475	264,059
Prepaid Expenses	30,905	22,702
Total Current Assets	336,728	366,495
Investments	4,111,655	3,791,737
Asset Held for Sale	430,000	-
Capital Assets:		
Property and Equipment	4,336,949	4,336,949
Accumulated Depreciation	(3,090,870)	(3,055,587)
Total Capital Assets	1,246,079	1,281,362
Deposits	2,380	-
Total Assets	\$ 6,126,842	\$ 5,439,594
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 339	\$ 4,167
Accounts Payable-National UCC	146,253	152,210
Payroll Taxes and Withholding	1,500	-
Deferred Revenue	15,553	63,249
Total Current Liabilities	163,645	219,626
Long Term Liabilities:		
Notes Payable	264,618	275,725
Total Liabilities	428,263	495,351
Net Assets:		
Donor Restricted	882,555	617,294
Endowments	1,228,039	1,141,938
Without Donor Restrictions:		
Council Designated	2,034,864	1,934,750
Investment in Capital Assets less Debt	1,411,461	1,005,637
Undesignated	141,660	244,624
Total Net Assets	5,698,579	4,944,243
Total Liabilities and Net Assets	\$ 6,126,842	\$ 5,439,594

The notes to the financial statements are an integral part of this statement.

Ohio Conference  
of the United Church of Christ  
Statement of Activity  
For the Years Ending December 31, 2016 and 2015

	Without Donor Restrictions		With Donor Restrictions		2016 Totals	2015 Totals
	Unrestricted	Council Designated	Donor Restricted	Endowment Restricted		
Support, Program Income, and Gains:						
Support:						
Our Churches' Wider Mission	\$ 578,677	\$ -	\$ -	\$ -	\$ 578,677	\$ 689,377
Restricted/Designated Gifts	4,522	61,655	563,113	5,419	634,709	34,942
Total Support	583,199	61,655	563,113	5,419	1,213,386	724,319
Revenue:						
Program Income:						
Sale of Temple Hills Home	-	-	-	-	-	114,000
Annual Gathering Income	12,790				12,790	15,338
Outdoor Ministries	196,642				196,642	203,197
Disaster Response	-				-	11,029
Pilgrim Hills Camp	3,663				3,663	8,898
Temple Hills Camp	3,842				3,842	4,510
Interest Income	1,257				1,257	178
Other Income	-				-	22,210
Total Program	218,194	-	-	-	218,194	379,360
Gains:						
Gain on Sale of Templed Hills Home	-	-	-	-	-	21,018
Change in Investment Value Return - Gain/(Loss)	-	94,576	63,054	73,572	231,202	(88,617)
Net Assets Released from Restrictions	348,913	(11,884)	(323,029)	(14,000)	-	-
Total Support, Program Revenue, and Gains	1,150,306	144,347	303,138	64,991	1,662,782	1,015,062
Program Expenses:						
National OCWM	202,537				202,537	240,582
Annual Gathering/Synod	14,961				14,961	24,536
Outdoor Ministries (ODM)	228,263				228,263	222,817
Disaster Response (DRM)	9,670				9,670	11,029
Pilgrim Hills (PH)	34,653				34,653	39,393
Templed Hills (TH)	35,539				35,539	53,115
Other Programs	-				-	1,237
Total Program Expenses	525,623	-	-	-	525,623	592,709
General Operating Expenses	463,910				463,910	453,962
Donor Restricted/Designated Expenses	348,913				348,913	107,520
Total Expenses	1,338,446	-	-	-	1,338,446	1,154,191
Change in Net Assets	(188,140)	144,347	303,138	64,991	324,336	(139,129)
Net Assets, January 1	1,250,261	1,934,750	617,294	1,141,938	4,944,243	5,062,354
Transfer of Henrietta UCC	430,000	-	-	-	430,000	-
Transfers between Funds	61,000	(44,233)	(37,877)	21,110	-	-
Net Assets, December 31	\$ 1,553,121	\$ 2,034,864	\$ 882,555	\$ 1,228,039	\$ 5,698,579	\$ 4,923,225

The notes to the financial statements are an integral part of this statement.

**Ohio Conference  
of the United Church of Christ  
Statement of Cash Flows  
For the Years Ending December 31, 2016 and 2015**

<b><u>Cash Flows Provided by Operating Activities:</u></b>	2016	2015
Change in Net Assets	\$ 324,336	\$ (118,111)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>		
Depreciation Expense	35,283	51,895
Gain on Sale of Home	-	(21,018)
Change in Value of Investments	(231,202)	88,617
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	36,584	(2,650)
(Increase) Decrease in Prepaid Items	(8,203)	1,158
(Increase) Decrease in Refundable Deposits	(2,380)	-
Increase (Decrease) in Accounts Payable	(3,828)	(11,312)
Increase (Decrease) in Accounts Payable-National UCC	(5,957)	(1,716)
Increase (Decrease) in Payroll Taxes and Withholding	1,500	(1,563)
Increase (Decrease) in Deferred Revenue	(55,981)	28,997
Net Cash Provided by Operating Activities	90,152	14,297
<b><u>Cash Flows from Investing Activities:</u></b>		
Proceeds from Sale of Long-Term Investments (Net)	(80,431)	27,972
Net Cash Provided by Capital Activities	(80,431)	27,972
<b><u>Cash Flows from Financing Activities:</u></b>		
Payments on Note Debt	(11,107)	(4,454)
Net Cash Provided by Financing Activities	(11,107)	(4,454)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,386)	37,815
Cash and Cash Equivalents at Beginning of Year	79,734	41,919
Cash and Cash Equivalents at End of Year	\$ 78,348	\$ 79,734

The notes to the financial statements are an integral part to this statement.

**OHIO CONFERENCE OF THE UNITED CHURCH OF CHRIST**  
**Notes to the Financial Statements**  
**December 31, 2016 and 2015**

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

**A. DESCRIPTION OF THE ENTITY**

The Ohio Conference of the United Church of Christ (The Conference) is organized under Chapter 1702 of the Non-Profit Corporation Law of the State of Ohio. It is affiliated with the United Church of Christ denomination, whose headquarters are located in Cleveland, Ohio. The Conference united without break in the respective historical continuities and traditions, and consolidated the ecclesiastical and legal identities of the Ohio Conference of Congregational Christian Churches and the four Ohio Synods of the Evangelical and Reformed Church, to conduct their work and to have all of their powers, duties, and obligations. The united entities are known as the Ohio Conference and its five associations – Central Southeast Ohio Association, Eastern Ohio Association, Northwest Ohio Association, Southwest Ohio Northern Kentucky Association, and Western Reserve Association.

The purpose of the Conference shall be to strengthen the domestic and global life of the local churches and Associations within its boundaries, to witness in their behalf, and to relate them to the life and work of the United Church of Christ, its Covenanted Ministries, Affiliated and Associated Ministries, and its partner churches and other associates throughout the world.

The Conference is composed of all local churches situated within its geographical area and holding standing in an Association of the Conference. The geographical area of the Conference is the area which the Ohio Conference of Congregational Christian Churches and the four Ohio Synods of the Evangelical and Reformed Church were serving at the time the formation of the Conference became effective, or that area as it may be modified with the approval of the General Synod of the United Church of Christ.

The Conference is financed, primarily, from a portion of contributions for Our Church's Wider Mission, contributed by the Associations through their local churches.

The Conference's management believes these financial statements present all activities for which the Conference is financially accountable.

**B. BASIS OF ACCOUNTING**

These financial statements have been prepared on the accrual basis of accounting. These statements include adequate disclosure of material matters. The Statement of Financial Position also includes capital assets that are depreciated, receivables, and payables.

**C. FUND ACCOUNTING**

The Conference uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate compliance and to aid financial management by segregating transactions related to certain Conference functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The Conference classifies its funds into the following types:

**Without Donor Restriction Funds** account for and include unrestricted and undesignated resources for reporting operating income and expense, and represent the portion of expendable funds that is available for the budgeted operations of the Conference. All resources and contributions are considered available for unrestricted use unless specifically restricted by the donor. The Conference reports donor-restricted contributions as unrestricted revenues when the restrictions are met in the same year of contribution.

**Board-Designated Net Assets** are net assets without donor restrictions subject to self-imposed limits by action of the Board of Directors. The asset may be earmarked for future programs, investments, contingencies, purchase or construction of capital assets, or other uses.



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**With Donor Restriction Funds** account for resources and contributions that are limited by donor-imposed stipulations that can be fulfilled by the passage of time or fulling the stipulation or purpose. These resources and contributions are received for special programs, purchases or projects. Satisfaction of the restriction is made when revenue is applied to the cost of the project.

**Endowment Fund** is an established fund of cash, securities, or other assets to provide income for the maintenance of the Conference. The use of assets of the fund may be with or without donor-imposed restrictions. Endowment funds generally are established by donor restricted gifts and bequests to provide a source of income in perpetuity or for a specified period.

**D. CASH AND CASH EQUIVALENTS**

The Conference considers cash equivalents to include demand deposits and all highly liquid debt instruments purchased with an original maturity of ninety days or less.

**E. CONCENTRATION OF CREDIT RISK**

The Conference maintains cash and cash equivalents, and investments at various financial institutions which, at times, may exceed federally insured amounts.

**F. RECEIVABLES**

Accounts receivable represent support due from the regional associations. Amounts not paid within 30 days after their original due date are considered delinquent. Receivables are presented at the amount billed. Receivables are valued at management's estimate of the amount that will ultimately be collected. This estimate is based upon management's review of delinquent accounts and an assessment of the Conference's historical evidence of collection. All amounts are considered collectible as of December 31, 2016 and 2015. Immaterial amounts, mainly, camp fees are not written off to bad debts but against camp revenue.

**G. INVESTMENTS**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statement of Financial Position. Unrealized gains and losses and realized gains and losses are included in the change in investment return which is net of investment expenses. Under the Conference's endowment spending policy, 5 percent of the average endowment net assets at the end of the previous 3 years is appropriated.

As of December 31, 2016, the United Church Foundation, Cornerstone, and Pilgrim Preserve LLC are the investments owned by the Conference.

The United Church Foundation is related to the United Church of Christ and is in funds which emphasizes stocks for higher capital appreciation potential and maintains a significant fixed income component. The investment is stated at fair value.

The Cornerstone Fund is related to the United Church of Christ and is a term note which is considered similar to a certificate of deposit. Earnings are reinvested in the fund semi-annually. This fund is not insured by Federal Deposit Insurance Corporation.

Pilgrim Preserve LLC is a limited liability company. The initial investment and additional member contributions have been recorded at cost with annual K-1 income or loss recorded.

**H. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The estimated fair value of financial instruments has been determined by the Conference using available market information and appropriate valuation methodologies. These estimates are subjective in nature and involve uncertainties and matters of considerable judgment. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Conference could realize in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. The carry amount of financial instruments,

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including cash and cash equivalents, receivables, accounts payable, deferred revenue and accrued payroll expenses approximates fair value due to the short-term nature of these instruments. The fair value of investments are estimated based on quoted market prices, if available or are estimated using quoted market prices for similar securities.

**I. ENDOWMENT**

The Conference's endowment consists of approximately 15 individual funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds only.

The Conference is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Conference has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Conference considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Conference has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Conference considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Underwater Endowment Funds can occur from time to time when the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Conference to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that were deemed prudent by the Board of Directors.

Return Objectives and Risk Parameters:

The Conference has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Conference expects its endowment funds, over time, to provide an average rate of return of approximately 5 percent annually. Actual returns in any given year may vary from this amount.

**J. LIQUIDITY MANAGEMENT AND AVAILABILITY**

As part of Conference's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Conference invests cash in excess of requirements in short-term investments. To help manage unanticipated liquidity needs, the Conference has, additionally, Board Designated Funds it could draw against. Although the Conference does not intend to spend from its Board Designated Funds other than amounts appropriated for general expenditure as part of its annual budget approval and

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appropriation process, amounts from its Board Designated Funds could be made available if necessary. However, both the Board Designated Funds contain investments with lock-up provisions that would reduce the total investments that could be made available.

The Conference has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses.

**K. CAPITAL ASSETS**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Conference maintains a capitalization threshold of \$4,000.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful life of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture and Equipment	10 years
Computers	2-10 years
Buildings	35-40 years

**L. NET ASSETS**

Net assets represent the difference between assets and liabilities.

Net Assets with Donor Restrictions is a component of net assets that is subject to donor-imposed restrictions or when there are limitations imposed on their use through restrictions imposed by outside sources, such as, member churches, memorials, wills or regulations.

Net Assets without Donor Restrictions is a component of the net assets that is not subject to donor-imposed restrictions.

Board-Designated Net Assets is a component of net assets that are subject to self-imposed limits by action of the Board of Directors.

Investment in Capital Assets less Debt is a component of net assets which consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to acquisition, construction of improvement of those assets

**M. TAX EXEMPT STATUS**

The Conference is organized exclusively for charitable, religious and educational purposes and is exempt from federal taxes on income under Section 501(c) (3) of the Internal Revenue Code.

**N. REVENUE RECOGNITION**

The Conference is dependent upon support from its member churches through five regional Associations to fund its operations. The amount of support (goal) from each member church is determined annually by the Associations based on each church's financial situation and past giving record. The churches' goals include support for the Conference, the Associations, and the National Office of the United Church of Christ (General Synod). The Conference, in conjunction with the Associations, determines the portion of support that will be maintained by the Conference to fund operations and the portion which will be forwarded to the General Synod. The portion of support maintained by the Conference is reflected in the statement of activities. The amounts forwarded to the Ohio Conference and the General Synod are reflected as agency transactions and are reported as increases and decreases in cash flows from operating activities in the statement of cash flows.

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**O. CONTRIBUTED SERVICES**

The Conference receives services donated by its members in carrying out the Conference's ministry. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under the accounting pronouncement, *Accounting for Contributions Received and Contributions Made*.

**P. ESTIMATES**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and accompanying notes. Actual results may differ from those estimates.

**Q. RECLASSIFICATIONS**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on the reported decrease in net assets.

**R. ROUNDING DIFFERENCES**

There may be dollar differences noted throughout this report due to rounding.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The carrying amount of cash and cash equivalents held by the Conference and Templed Hills total \$78,048 and are shown below. The bank balances at December 31, 2016 totaled \$330,723 and \$314,365 was covered by federal depository insurance which currently is \$250,000 per account. The amount of \$16,358 was considered uninsured as the checking had \$266,358 in it at yearend. Petty cash funds exist in the total amount of \$300 and they are uninsured.

	<u>2016</u>	<u>2015</u>
Ohio Conference:		
Checking-Chase Bank	\$ 13,683	\$ 47,696
Savings-Chase Bank	57,320	24,671
Petty Cash	300	300
Templed Hills:		
US Bank	<u>7,045</u>	<u>7,067</u>
Total	<u>\$ 78,348</u>	<u>\$ 79,734</u>

**NOTE 3 -- INVESTMENTS**

The Conference records all of its investments at fair value. At December 31, 2016 and 2015, the Conference held the following investments:

	<u>2016</u>		<u>2015</u>	
	Cost Value	Market Value	Cost Value	Market Value
United Church Foundation	\$ 2,660,538	\$ 3,946,059	\$ 2,448,403	\$ 3,578,104
United Church Foundation-SARA	81,393	113,270	84,707	111,549
United Church Cornerstone	41,253	41,253	40,691	40,691
Pilgrim Preserve LLC	11,073	11,073	11,119	11,119
Chase Money Market	-	-	50,345	50,345
Total Investments	<u>\$ 2,794,257</u>	<u>\$ 4,111,655</u>	<u>\$ 2,635,265</u>	<u>\$ 3,791,808</u>

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The change in value of investments consisted of:

	2016	2015
United Church Foundation - Mutual Funds:		
Unrealized Gains	\$ 155,820	\$ (163,483)
Realized Gains	9,028	29,309
Interest and Dividends	58,323	44,376
United Church Foundation - SARA:		
Unrealized Gain ( Losses)	5,035	(1,579)
Realized Gains	1,426	1,459
Interest and Dividends	1,570	1,301
Total Change in Value of Investments	\$ 231,202	\$ (88,617)

**NOTE 4 -- CAPITAL ASSETS**

Capital asset activity for the Conference for the year ended December 31, 2016:

	Balance 12/31/15	Additions	Retirements	Balance 12/31/16
Land	\$ 266,454	\$ -	\$ -	\$ 266,454
Buildings and Improvements	2,551,848	-	-	2,551,848
Furniture, Fixtures, Office Equipment	277,536	-	-	277,536
Leasehold Improvements	4,171	-	-	4,171
Land Improvements	937,485	-	-	937,485
Operating Equipment	189,867	-	-	189,867
Vehicles	109,587	-	-	109,587
Total Capital Assets	\$ 4,336,948	\$ -	\$ -	\$ 4,336,948
Less Accumulated Depreciation:				
Buildings and Improvements	\$ (1,860,343)	\$ (39,441)	\$ -	\$ (1,899,784)
Furniture, Fixtures, Office Equipment	(268,789)	(1,597)	-	(270,386)
Leasehold Improvements	(764)	-	-	(764)
Land Improvements	(674,705)	(7,088)	-	(681,793)
Operating Equipment	(148,489)	(3,848)	-	(152,337)
Vehicles	(102,496)	(706)	-	(103,202)
Total Accumulated Depreciation	\$ (3,055,586)	\$ (52,680)	\$ -	\$ (3,108,266)
Capital Assets, Net of Accumulated Depreciation	\$ 1,281,362	\$ (52,680)	\$ -	\$ 1,228,682

**NOTE 5 -- PENSION AND BENEFIT PLAN**

The Conference has two qualified contributory retirement plans administered by the United Church of Christ Pension Boards, namely, the Annuity Fund for Ministers and the Retirement Fund for Lay Workers. They are for the benefit of ordained and lay employees respectively. Employees are enrolled effective the date of employment at the rate of 14% of salary basis.

The Conference has a tax-deferred annuity program which grants income tax deferral under the provision of Internal Revenue Code section 403b for eligible employees desiring to participate in the plan. At present there is one employees who participates.

The Conference provides health, dental, life, and disability insurance coverage for its eligible employees through participation in a group plan. The United Church of Christ Pension Boards administers the health and insurance policies.

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Full-time employees may receive full family coverage while part-time employees who work at least 20 hours per week consistently may receive individual coverage and are offered the opportunity to purchase the family coverage if needed.

Pension and benefit expense for 2016 and 2015 amounted to \$79,414 and \$71,408, respectively.

**NOTE 6 -- OPERATING LEASES**

The Conference has entered an operating lease as of December 31, 2016 and 2015 as follows:

Office Rent	In December 2105 HPRS Busch Properties, LLC transferred its interest in the office lease to OT Investment, LLC. The Conference now leases its office under a new arrangement where OT Investment, LLC. continued the same lease which expires April 30, 2019. The monthly rent is \$2,380.  Rental expense under the agreement amounted to \$28,650 in 2016 and \$33,102 in 2015. Central Southeast Association and the Ohio Council of Churches who sublease part of the offices paid \$18,824 in 2016 and \$9,771 in 2015 to the Conference for renting offices for a net of \$9,826 and \$23,331 for years ending December 31, 2016 and 2015, respectively.
Copier	The Conference leases a Canon copier in the Columbus office from Modern Leasing. Monthly lease payments are made in the amount of \$101 and totaled \$1,113 in 2016 and \$1,212 in 2015.
Postage Meter	The Conference leases a postage meter in the Columbus Office from Pitney Bowes. Quarterly lease payments are made in the amount of \$507 and totaled \$1,521 in 2016 and \$2028 in 2015.

**NOTE 7--NET ASSETS**

There are certain programs and funds that are directly administered by the Board of Directors or Donor Restricted or Endowment with Donor Restrictions by donors. Net assets were released from Board of Directors or donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. At December 31, 2016 and 2015, the balances in these funds were as follows:

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<b>Council Designated-Without Donor Restrictions:</b>	Net Assets	Revenue	Change In	Expenses	Transfers	Net Assets
	12/31/15		Investment Value		Out	12/31/16
Annual Gathering	\$ 13,327	\$ -	\$ -	\$ -	\$ -	\$ 13,327
Benevolent Institutional Funds	477,289	-	32,246	-	-	509,535
Consultant Services	82,451	-	5,570	(1,900)	-	86,121
Discretionary Fund	1,388	-	-	-	-	1,388
Emmanuel Bohemian	15,637	-	1,057	-	-	16,694
General Endowment	555,536	15,159	4,836	-	(42,620)	532,911
General Synod	7,352	11,200	-	-	-	18,552
Innovation Lab	14,524	32,410	-	(9,984)	-	36,950
Keuerlabor Endowment	31,274	-	2,113	-	-	33,387
Make A Difference	336,484	-	21,836	-	(1,613)	356,707
Office Equipment	596	-	-	-	-	596
Racial Ethnic Empowerment	139,668	-	9,437	-	-	149,105
Richard Smythe Scholarship	25,232	-	1,705	-	-	26,937
Special Program Fund	500	-	-	-	-	500
United Christian Dislution	215,011	-	14,528	-	-	229,539
Young Ambassador-Doty	-	2,886	-	-	-	2,886
Youth Compassion Initiative Grant	18,481	-	1,248	-	-	19,729
<b>Total Council Designated-Without Donor Restrictions</b>	<b>\$ 1,934,750</b>	<b>\$ 61,655</b>	<b>\$ 94,576</b>	<b>\$ (11,884)</b>	<b>\$ (44,233)</b>	<b>\$ 2,034,864</b>

**Withdonor Restrictions - Endowments**

	Net Assets	Revenue	Change In	Expenses	Transfer	Net Assets
	12/31/15		Investment Value		In/(Out)	12/31/16
Barton Fund	\$ 3,143	\$ -	\$ 196	\$ -	\$ (29)	\$ 3,310
Case Memorial Fund	1,777	-	120	-	-	1,897
Comstock Fund	137,458	-	8,558	-	(1,258)	144,758
Coral Schmidt Scholarship	6,752	-	457	-	-	7,209
Dipko Fund	39,093	-	2,641	-	-	41,734
Naomi Long Fund	103,614	-	6,472	-	(914)	109,172
Preslan Fund for Spiritual Growth	3,909	-	264	-	-	4,173
Rezash Fund	165,032	-	14,738	-	-	179,770
Richard and Rachel Wolff Fund	400,372	5,420	22,052	(14,000)	-	413,844
Salem Campship Endowment	-	-	-	-	8,124	8,124
Salem UCC Campship Endowment	-	-	-	-	16,802	16,802
Seeds May Grow	209,831	-	13,280	-	(1,615)	221,496
Alice Denison Fund	59,057	-	3,990	-	-	63,047
Paul Kershner Fund	1,049	-	71	-	-	1,120
Ernest Heiz Fund	1,752	-	118	-	-	1,870
Welsh Congregational Fund	9,098	-	615	-	-	9,713
<b>Total Permanently Restricted</b>	<b>\$ 1,141,937</b>	<b>\$ 5,420</b>	<b>\$ 73,572</b>	<b>\$ (14,000)</b>	<b>\$ 21,110</b>	<b>\$ 1,228,039</b>

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With Donor Restrictions	Net Assets 12/31/15	Revenue	Change In Investment Value	Expenses	Transfers Out	Net Assets 12/31/16
Church & Education	\$ 4,265	\$ -	\$ 289	\$ -	\$ -	\$ 4,554
Church Development Fund	30,919	7,632	2,387	-	-	40,938
Disaster Relief Funds	47,071	-	2,969	-	(366)	49,674
Dream Bigger Dreams	2,725	-	-	-	-	2,725
Every Member Shares	6,397	20	433	-	-	6,850
Fall Youth Event	5,698	-	(65)	-	(2,943)	2,690
Folino Fund-Principal and Interest	3,199	-	216	-	-	3,415
Junior High Event	1,104	-	-	-	-	1,104
Intersynodical-Principal and Interest	43,002	-	3,105	-	-	46,107
Kent Lyman Fund Principal and Interest	15,083	-	739	-	(139)	15,683
Lantern Fellowship Fund	9,940	-	(688)	-	(3,194)	6,058
Lantern Fellowship Scholarships	3,300	-	223	-	-	3,523
ODM-Camperships	290,260	180,802	42,490	(2,657)	(24,925)	485,970
Program Fund Interest	30,919	-	2,089	-	-	33,008
Reedsburg Fund	7,463	-	504	-	-	7,967
Sharing America's Resources Abroad (SAR)	111,549	4,500	8,031	(4,500)	(6,310)	113,270
Special Offerings	4,400	370,159	332	(315,872)	-	59,019
<b>Total With Donor Restrictions</b>	<b>\$ 617,294</b>	<b>\$ 563,113</b>	<b>\$ 63,054</b>	<b>\$ (323,029)</b>	<b>\$ (37,877)</b>	<b>882,555</b>

**NOTE 8—LONG TERM DEBT**

A note payable in the amount of \$275,725 is due to the Cornerstone Fund in monthly installments of \$1,531 which includes interest. The amount due within one year of the note payable is \$4,689 and is at an interest rate of 5.000% which is fixed for five years beginning May 1, 2015 through April 1, 2019. The full maturity date is April 1, 2025 and is secured by Pilgrim Hills and Temple Hills camps. Currently the Conference is accelerating payments to pay off the debt earlier. As shown below it paid \$11,107 of principal this year.

The changes in the Conference's long-term debt obligation during the last year consist of the following:

	Principal			Principal		Amounts
	Outstanding		Additions	Outstanding		Due Within One Year
	12/31/15	12/31/16		12/31/16	12/31/16	
Cornerstone Note	\$ 275,725	\$ -	\$ 11,107	\$ 264,618	\$ 4,689	
	\$ 275,725	\$ -	\$ 11,107	\$ 264,618	\$ 4,689	

Maturities of long-term debt for the next five years at December 31, 2016

Date	Principal	Interest	Total
2017	\$ 4,689	\$ 13,679	\$ 18,368
2018	\$ 4,928	\$ 13,440	\$ 18,368
2019	\$ 5,181	\$ 13,187	\$ 18,368
2020	\$ 5,446	\$ 12,922	\$ 18,368
2021	\$ 5,725	\$ 12,644	\$ 18,369

**NOTE 9--COMPENSATED ABSENCES**

Employees of the Organization are entitled to paid vacation, sick leave and sabbatical leave, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Conference's policy is to recognize the costs of compensated absences when actually paid to the employees.



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**NOTE 10--RELATED PARTY TRANSACTIONS**

Included in operating revenue and support as of December 31, 2016 and 2015 is \$578,677 and \$687,377, respectively, from Associations reported as Our Church's Wider Mission contributions. The Conference paid as of December 31, 2016 and 2015, \$202,537 and \$240,582, respectively, of this revenue to the General Synod

Included in accounts payable are \$146,253 and \$152,210 at December 31, 2016 and 2015, respectively, payable to the General Synod

Included in Accounts Receivable is \$210,750 and \$255,598 at December 31, 2016 and 2015, respectively, representing receipts from Associations received by February 10<sup>th</sup> of the following year.

**NOTE 11—REVENUE AND EXPENSES BY BOTH FUNCTION AND NATURAL CLASSIFICATIONS**

The Statement of Activity report certain categories of expenses that are attributable to more than one program or supporting function. The table below presents expenses by both their function and their nature for the years ended December 31, 2016 and 2015:

	<b>ODM</b>	<b>Pilgrim Hills</b>	<b>Templed Hills</b>	<b>Other Programs</b>	<b>Total Program Services</b>	<b>General Operating</b>	<b>2016 Total</b>	<b>2015 Total</b>
Revenue:								
OCWM	\$ -	\$ -	\$ -	\$ 12,790	12,790	\$ 578,677	\$ 591,467	\$ 687,377
Camp Income	196,642	-	-	-	196,642	-	196,642	198,845
Direct Gifts	-	-	-	-	-	-	-	15,850
Interest Income from Savings	-	-	-	-	-	1,257	1,257	178
Gain on Sale of Asset	-	-	-	-	-	-	-	21,018
Investment Draw/Cashflow	-	-	-	-	-	-	-	(194,112)
Other Income	-	3,663	3,842	-	7,505	4,522	12,027	52,487
<b>Total Revenue</b>	<b>196,642</b>	<b>3,663</b>	<b>3,842</b>	<b>12,790</b>	<b>216,937</b>	<b>584,456</b>	<b>801,393</b>	<b>781,643</b>
National OCWM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202,537	\$ 202,537	\$ 240,582
Salaries-Professional Staff	1,900	-	-	-	1,900	251,709	253,609	209,958
Employee Benefits	-	-	-	-	-	77,362	77,362	71,408
Board/Council and Committees	-	-	-	-	-	15,609	15,609	2,893
General and Administrative	16,556	-	4,148	-	20,704	35,203	55,907	71,572
Institution Support	-	-	-	-	-	38,026	38,026	34,600
Interest	14,549	-	-	-	14,549	25	14,574	13,969
Legal	-	-	-	-	-	2,167	2,167	4,225
Program and Consulting	195,258	-	-	24,631	219,889	-	219,889	200,671
Rent - Equipment	-	-	-	-	-	2,811	2,811	3,242
Rent - Lease Facility	-	75	-	-	75	9,826	9,901	23,332
Repairs and Maintenance	-	-	2,851	-	2,851	3,572	6,423	13,061
Supplies	-	-	-	-	-	-	-	10,820
Taxes and Insurance	-	-	15,672	-	15,672	8,328	24,000	47,602
Travel	-	-	-	-	-	18,567	18,567	30,991
Utilities	-	-	12,868	-	12,868	-	12,868	15,850
<b>Total Expenses Before Depreciati</b>	<b>228,263</b>	<b>75</b>	<b>35,539</b>	<b>24,631</b>	<b>288,508</b>	<b>665,742</b>	<b>954,250</b>	<b>994,776</b>
Depreciation	-	34,578	-	-	34,578	705	35,283	51,895
<b>Total Expenses</b>	<b>228,263</b>	<b>34,653</b>	<b>35,539</b>	<b>12,790</b>	<b>323,086</b>	<b>666,447</b>	<b>989,533</b>	<b>1,046,671</b>
<b>Change in Net Assets</b>	<b>(31,621)</b>	<b>(30,990)</b>	<b>(31,697)</b>	<b>12,790</b>	<b>(106,149)</b>	<b>(81,991)</b>	<b>(188,140)</b>	<b>(265,028)</b>

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**NOTE 12—FINANCIAL ASSETS AVAILABLE FOR EXPENDITURE FOR ONE YEAR**

The following table reflects the Conference's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the Board of Directors approves that action. However, amounts already appropriated from either the donor-restricted endowment or quasi-endowment for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

The Conference is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Conference must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Conference's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, The Conference invests cash in excess of daily requirements in short-term investments. Occasionally, the board designates a portion of any operating surplus to its liquidity reserve. There is a fund established by the governing board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. As shown below there is no liquidity reserve.

	2016	2015
Financial assets, at year end	\$ 6,126,842	\$ 5,439,594
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(882,555)	(617,294)
Investments held in Endowments	(1,228,039)	(1,141,938)
Board Designations:		
Quasi-endowment fund, primarily for long-term investing	(2,034,864)	(1,934,750)
Amounts set aside for liquidity reserve	-	-
Current Liabilities	(163,645)	(219,626)
Invested in Capital Assets	(1,676,079)	(1,281,362)
Financial assets available to meet cash needs for general Expenditures within one year	\$ 141,660	\$ 244,624