

OFFICERS' CHRISTIAN FELLOWSHIP
OF THE UNITED STATES
OF AMERICA

FINANCIAL STATEMENTS

May 31, 2017



Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Governing Council
Officers' Christian Fellowship
of the United States of America
Englewood, Colorado

We have audited the accompanying financial statements of Officers' Christian Fellowship of the United States of America (the "Fellowship") which comprise the statement of financial position as of May 31, 2017, and the related statements of activities and cash flows for the five months period then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 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 Fellowship'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 Fellowship'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 reasonable 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 Officers' Christian Fellowship of the United States of America as of May 31, 2017, and the changes in its net assets and its cash flows for the five months period then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of support and revenue, and schedule of functional expenses on pages 14 and 15 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Logan and Associates, LLC

Aurora, Colorado
September 12, 2017

FINANCIAL STATEMENTS

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

STATEMENT OF FINANCIAL POSITION

May 31, 2017

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 1,618,891
Pledges Receivable - Current Portion	209,403
Accounts Receivable	20,499
Inventory	76,834
Prepaid Expenses	48,636
Total Current Assets	<u>1,974,263</u>

Non-current Assets

Investments	909,048
Pledges Receivable	69,889
Property and Equipment, Net of Accumulated Depreciation	13,869,612
Other Assets	186,435
Total Non-current Assets	<u>15,034,984</u>

TOTAL ASSETS **\$ 17,009,247**

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities

Accounts and Retainage Payable	\$ 86,128
Accrued Liabilities	31,437
Deferred Revenue	155,891
Accrued Vacation	153,205
Note Payable - Current Portion	27,862
Total Current Liabilities	<u>454,523</u>

Long Term Liabilities

Note Payable	962,852
Annuities Due	54,436
Total Long Term Liabilities	<u>1,017,288</u>

TOTAL LIABILITIES **1,471,811**

NET ASSETS

Unrestricted	14,121,459
Temporarily Restricted	765,777
Permanently Restricted	650,200
	<u>15,537,436</u>

TOTAL NET ASSETS **15,537,436**

TOTAL LIABILITIES AND NET ASSETS **\$ 17,009,247**

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

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

STATEMENTS OF ACTIVITIES
Five Months Ended May 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Contributions	\$ 794,237	\$ 246,955	\$ -	\$ 1,041,192
Conference Centers	408,579	-	-	408,579
Regional Ministries	17,192	27,265	-	44,457
Investment Income	5,579	54,970	-	60,549
Change in Value of Split Interest Agreements	420	-	-	420
Other Revenue	24,489	6,000	-	30,489
Net Assets Released from Restrictions	776,701	(776,701)	-	-
TOTAL OPERATING REVENUE	2,027,197	(441,511)	-	1,585,686
EXPENSES				
PROGRAM SERVICES				
Field Ministries	175,894	-	-	175,894
Communications	128,758	-	-	128,758
Conference Centers	961,606	-	-	961,606
Education Centers	57,653	-	-	57,653
Academies and ROTC	234,390	-	-	234,390
TOTAL PROGRAM SERVICES	1,558,301	-	-	1,558,301
SUPPORTING SERVICES				
General and Administration	250,344	-	-	250,344
Fundraising	71,983	-	-	71,983
TOTAL SUPPORTING SERVICES	322,327	-	-	322,327
TOTAL EXPENSES	1,880,628	-	-	1,880,628
CHANGE IN NET ASSETS	146,569	(441,511)	-	(294,942)
NET ASSETS, Beginning	13,974,890	1,207,288	650,200	15,832,378
NET ASSETS, Ending	\$ 14,121,459	\$ 765,777	\$ 650,200	\$ 15,537,436

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

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

STATEMENT OF CASH FLOWS
Five Months Ended May 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Contributions	\$ 2,123,867
Cash Received from Conference Centers	522,910
Cash Received from Regional Ministries	44,457
Interest Received	1,946
Other Cash Received	30,489
Payments to Suppliers	(1,013,967)
Payments to Employees	(691,811)
Interest Paid	(12,974)
Net Cash Provided by Operating Activities	<u>1,004,917</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Property and Equipment	(588,890)
Proceeds/Payments from Sale/(Purchases) of Investments, Net	114,301
Net Cash Used by Investing Activities	<u>(474,589)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments to Annuitants	(6,600)
Principal Payments on Note Payable	(11,176)
Cash Contributions Received for Long-term Purposes	(449,743)
(Increase) Decrease in Pledges Receivable - Noncurrent	31,807
Net Cash Provided by Financing Activities	<u>(435,712)</u>
NET INCREASE IN CASH	94,616
CASH, Beginning	<u>1,524,275</u>
CASH, Ending	<u>\$ 1,618,891</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Income (Loss)	\$ (294,942)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities	
(Gain)Loss on Sale of Property and Equipment	(250)
Depreciation	201,158
Pledges Receivable Present Value Adjustment	80,918
Gain on Investments	(58,603)
Increase in Other Assets	(20,436)
Change in Value of Split Interest Agreements	2,405
Change in Value of Annuity Investments	(2,825)
Cash Contributions Received for Long-term Purposes	449,743
Changes in Assets and Liabilities	
Pledges Receivable - Current Portion	552,014
Accounts Receivable	(7,955)
Inventory and Prepaid Expenses	(9,688)
Accounts Payable	(17,555)
Accrued Liabilities	2,266
Deferred Revenue	122,536
Accrued Vacation	6,131
Total Adjustments	<u>1,299,859</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,004,917</u>

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

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Officers' Christian Fellowship of the United States of America (the "Fellowship"), was established in 1943, to provide encouragement and equip Christian officers of the United States military for biblical fellowship and outreach in ministering to the military society. The Fellowship accomplishes its purpose through staffing in key centers of the military population throughout the world, publications, retreats, and conferences. The Fellowship owns and operates two conference centers located near Buena Vista, Colorado and Mann's Choice, Pennsylvania, and locates staff members near military academies and other areas in the United States having a high concentration of military personnel. The Fellowship's support is primarily from individual donor contributions. The Fellowship changed its year end from December 31, to May 31 as of January 1, 2017. This change did not have any effect on beginning balances of assets, liabilities or net assets.

Basis of Accounting

The accounting policies and financial reporting of the Fellowship conform to generally accepted accounting principles as applicable to not-for-profit organizations. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. A summary of the Fellowship's more significant policies follows.

Financial Statement Presentation

Cash and Cash Equivalents – For purposes of the statement of cash flows, cash equivalents include highly liquid investments with original maturities of three months or less. Investments are reported at fair value.

Pledges Receivable – Unconditional promises to give are recognized as revenues and receivables in the year the promise is received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value and those to be collected in more than one year are recorded at present value of the estimated future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Inventory – Inventory is valued at cost using the first-in, first-out method. The cost of inventory is expensed when consumed rather than when purchased.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment – Property and equipment is recorded at cost. Donated property and equipment are recorded at fair value at the date of donation. The Fellowship capitalizes property and equipment with a useful life of more than one year, and a unit cost of \$1,000 or greater. Depreciation is recorded using the straight-line method over following estimated useful lives.

Buildings and Improvements	5 - 60 years
Equipment	3-20 years

Deferred Revenue – The Fellowship's conference centers receive registration fees for conferences, retreats and camps scheduled in the following years. These fees are deferred and recognized as revenue in the year the conference is held.

Accrued Vacation - Employees of the Fellowship are allowed to accumulate unused vacation time. Employees will be paid for all accrued vacation time upon separation of employment. The accrued vacation is recognized as current salary costs when earned and is reported as a current liability in the financial statements.

Support and Revenue – The Fellowship receives support primarily from contributions from individuals in the military society. The Fellowship also receives conference center revenues from conferences and camps held at the two conference centers. Public support and other revenues are recognized when the rights of ownership have been transferred to the Fellowship.

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions received by the Fellowship, in which the restrictions are met in the same year are reported as unrestricted.

In-Kind Donations – Certain individuals and employees donate supplies and travel related costs to the Fellowship. These donations are recorded as noncash contributions at the donor's cost or their estimated market values at the date of donation.

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Fellowship has determined that current operational cash needs will occasionally result in cash and money market accounts' balance in excess of insured limits.

Use of Estimates

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

Income Taxes

The Fellowship is exempt from income tax under Sections 501(c)(3) of the United States Internal Revenue Code. The Fellowship did not have any material unrelated business income tax liability for the five months to May 31, 2017 and the year to December 31, 2016. The Fellowship's tax filings are subject to audit by various taxing authorities. The Fellowship's ending open audit periods are December 31, 2014, 2015, 2016 and May 31, 2017. The Fellowship believes it has no significant uncertain tax provisions for the period ended May 31, 2017.

Subsequent Events

The Fellowship has evaluated events subsequent to the five months ended May 31, 2017 through September 12, 2017, the date of these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: PLEDGES RECEIVABLE

The Fellowship participates in the Combined Federal Campaign (CFC) as part of Christian Service Charities in the Fall of each year. These pledges are made one to two years prior to receipt of the final amounts. Promises to give are unconditional and have been recorded net of an allowance for uncollectible pledges and administrative costs of 40% as of May 31, 2017.

During the year ended December 31, 2005, the Fellowship initiated and administered the Capital Campaign. Promises to give are unconditional and the pledges due in more than one year were discounted at a rate of 2% as of May 31, 2017.

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2017

NOTE 2: PLEDGES RECEIVABLE (Continued)

Pledges receivable as of May 31, 2017 consisted of the following:

Combined Federal Campaign	\$ 124,921
Capital Campaign	262,359
Unconditional Pledges Due	<u>387,280</u>
Less:	
Allowance for Uncollectible Pledges Receivable	(99,968)
Unamortized Discount	(8,020)
Net Pledges Receivable	<u>279,292</u>
Less:	
Current Portion	<u>(209,403)</u>
Non-current Pledges Receivable	<u><u>\$ 69,889</u></u>
Pledges are as follows:	
Less Than One Year	\$ 209,403
One to Five Years	65,215
Six to Ten Years	<u>4,674</u>
Total Pledges Receivable	<u><u>\$ 279,292</u></u>

NOTE 3: INVESTMENTS

Investments of the Fellowship at May 31, were as follows:

Cash and Cash Equivalents (Level 1)	\$ 69,605
Mutual Funds - Equity (Level 1)	117,078
Mutual Funds - Bonds (Level 1)	76,425
Stock (Level 1)	589,945
Bonds (Level 1)	10,122
Life Insurance Annuities (Level 3)	<u>45,873</u>
Total Investments	<u><u>\$ 909,048</u></u>

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2017

NOTE 3: INVESTMENTS (Continued)

Reconciliation of investment return of amounts reported in the statement of activities:

Interest Income	\$ 1,946
Unrealized/Realized Gain on Investments	<u>58,603</u>
Total Investment Income	<u><u>\$ 60,549</u></u>

The following present information about the Fellowship's investments that are measured at fair value on recurring basis as of May 31, 2017, and indicates the fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities.

Level 2 – inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.), or inputs derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3 – inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. Fair value for the contribution receivable from a beneficial interest in a charitable remainder trust is determined by calculating the present value of the future distributions expected to be received, using published life expectancy tables. There have been no changes in valuation techniques and related inputs.

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment of the Fellowship as of May 31, 2017 consisted of the following:

Land	\$ 1,229,515
Building and Improvements	16,202,445
Equipment	<u>1,097,320</u>
	18,529,280
Less: Accumulated Depreciation	<u>(4,659,668)</u>
Total Property and Equipment	<u><u>\$ 13,869,612</u></u>

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2017

NOTE 5: OTHER ASSETS

The Fellowship is the owner and beneficiary of several individual life insurance policies. The estimated cash surrender value of the life insurance policies as of May 31, 2017 was \$186,435.

NOTE 6: NOTE PAYABLE

Note payable dated May 15, 2015, for \$244,000 with annual interest payments of \$7,870 and the principal balloon payment due December 31, 2018. The note has an interest rate of 3.5% per annum, and is collateralized by real property located in Quaker Hill, Connecticut.

\$ 224,000

Mortgage dated May 2016, for \$793,000 with monthly payments of \$4,830. The note has an interest rate of 4% per annum, maturing May 27, 2036, and is collateralized by real property located in Bedford County, Commonwealth of Pennsylvania.

766,714

990,714

Less: Current Portion

(27,862)

\$ 962,852

Interest expense for the five months ended May 31, 2017 was \$12,974.

Annual debt service requirements for the outstanding note at May 31, 2017 were as follows:

<u>Year Ended May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 27,862	\$ 37,939	\$ 65,801
2019	252,997	33,537	286,534
2020	30,179	27,782	57,961
2021	31,408	26,553	57,961
2022	32,688	25,273	57,961
2023 - 2027	184,538	105,270	289,808
2028 - 2032	225,317	64,488	289,805
2033 - 2036	205,725	16,455	222,180
Total	<u><u>\$ 990,714</u></u>	<u><u>\$ 337,297</u></u>	<u><u>\$ 1,328,011</u></u>

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2017

NOTE 7: ANNUITIES

The Fellowship established a gift annuity plan that allowed donors to contribute assets in exchange for the right to receive a fixed dollar amount annually during their lifetimes. The annuity liability is revalued annually based upon computed present values, and the resulting gain or loss is recorded as a change in value of split interest agreements in the statement of activities.

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

Coffman/Waldrop WSS	\$	3,660
Harrison House WSS		9,168
Harrison House Maintenance Fund WSS		98,194
Staff Association, Regional		4,864
USAFA General		31,443
USCGA General		37,542
USMA Missions		67,902
USMA Facilities		976
USMA General		49,402
USNA Facility fund		3,600
USNA Scholarships		2,965
ROTC Ministry		4,544
Capital Campaign		
Spring Canyon		425,288
Quantico General		1,043
Maxwell/Gunter General		31,796
Benevolence Fund		3,750
Scholarship Endowment		564
Total	\$	<u>776,701</u>

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2017

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS (Continued)

Temporarily restricted net assets are available for the following purposes:

Coffman/Waldrop WSS	\$	17,438
Andrew Baer WSS		55,739
Home Office		10,080
Staff Association, Regional		73,255
USAFA General		13,771
USAFA Facilities		2,900
USCGA General		601
USCGA Facilities		154,984
USMA Missions		21,808
USMA Facilities		16,636
USMA General		43,459
USNA Facility fund		29,483
ROTC		804
WSS Attendee Scholarships		9,000
WSS Harrison House Maintenance Endowment		70,597
Capital Campaign		
Spring Canyon		196,025
Quantico General		9,140
Maxwell/Gunter General		4,192
Scholarship Endowment		21,745
Enlisted Ministry		1,870
Benevolence		12,250
		<hr/>
Total	\$	<u><u>765,777</u></u>

NOTE 9: PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are available for the following purposes:

Scholarships	\$	101,000
White Sulphur Springs Harrison House Maintenance		549,200
		<hr/>
Total	\$	<u><u>650,200</u></u>

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2017

NOTE 10: LEASE COMMITMENTS

The Fellowship has operating leases for equipment which were renewed during 2016 with expiration in 2021. Lease expense for the five months ended May 31, 2017, was \$14,717.

Future lease payments for the outstanding leases at May 31, 2017 were as follows:

<u>Year Ended May 31,</u>	<u>Total</u>
2017	\$ 32,086
2018	32,086
2019	32,086
2020	32,086
2021	32,086
Total	<u>\$ 160,430</u>

NOTE 11: RETIREMENT

The Fellowship has established a simplified employee pension plan (SEP) under Internal Revenue Code Section 408(k)(6) covering all eligible employees who meet the minimum age and service requirements. Only the Fellowship can contribute to the Plan.

The Governing Council establishes and can change the contribution percentage, which was 7.5% for the five months ended May 31, 2017. The Fellowship contributed \$36,442 to the Plan for the five months ended May 31, 2017.

NOTE 12: ENDOWMENTS

The Fellowship's endowment consists of a donor-restricted fund established to support operating maintenance of the Harrison House and scholarships. As required by the generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Fellowship has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the original value of the gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Fellowship classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2017

NOTE 12: ENDOWMENTS (Continued)

gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with the Modern Portfolio Theory, the Fellowship has established an annual spending amount of 4% of the value of the endowment. The Fellowship will annually appropriate this 4% and make it available for expenditure by classifying it as temporarily restricted net assets until budgetary appropriations are made for expenditure.

In accordance with UPMIFA, the Fellowship considers the following factors in making a determination to appropriate or accumulate term and quasi-endowment funds:

1. The duration and preservation of the fund.
2. The purpose of the Fellowship 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 Fellowship.
7. The investment policies of the Fellowship.

Changes in endowment net assets for five months ended May 31, 2017:

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, as of December 31, 2015	\$ 431	\$ 722,144	\$ 649,200	\$ 1,371,775
Contributions and Other Gains	-	1,829,696	1,000	1,830,696
Investment Income	6,782	61,947	-	68,729
Net Appropriations for expenditure and fund value preservation	-	(1,406,499)	-	(1,406,499)
Endowment Net Assets, as of December 31, 2016	7,213	1,207,288	650,200	1,864,701
Contributions and Other Gains	28,116	280,220	-	308,336
Investment Income	4,854	54,970	-	59,824
Net Appropriations for expenditure and fund value preservation	(40,183)	(776,701)	-	(816,884)
Endowment Net Assets, as of May 31, 2017	<u>\$ -</u>	<u>\$ 765,777</u>	<u>\$ 650,200</u>	<u>\$ 1,415,977</u>

Endowments with deficiencies – From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the original value of the endowment. These deficiencies result primarily from unfavorable market fluctuations.

SUPPLEMENTARY INFORMATION

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

SCHEDULE OF SUPPORT AND REVENUE

Five Months Ended May 31, 2017

	<u>2017</u>
SUPPORT	
Contributions	
General	\$ 426,913
Capital Campaign	4,142
Executive Ministries	3,189
Communications	44,527
Spring Canyon	113,817
White Sulphur Springs - Capital Contributions	35,108
White Sulphur Springs	76,644
Leavenworth	16,765
Maxwell/Gunter	31,537
Quantico	2,159
U.S. Air Force Academy	26,477
U.S. Coast Guard Academy	57,546
U.S. Military Academy	98,788
U.S. Naval Academy	49,454
U.S. ROTC	1,075
Regional Ministries	53,051
Total Support	<u>\$ 1,041,192</u>
 REVENUE	
Conference Centers	
Spring Canyon	\$ 180,327
White Sulphur Springs	228,252
Total Conference Centers	<u>\$ 408,579</u>
 Regional Ministries	
Local Fellowship Support	<u>\$ 44,457</u>

See the accompanying Independent Auditors' Report.

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

SCHEDULE OF FUNCTIONAL EXPENSES

Five Months Ended May 31, 2017

	Program Services					Total Program Services
	Field Ministries	Communications	Conference Centers	Education Centers	Academies & ROTC	
Salaries	\$ 103,352	\$ 45,619	\$ 276,236	\$ 38,915	\$ 74,210	\$ 538,332
Payroll Taxes	4,151	3,986	20,522	2,964	3,689	35,312
Employee Benefits	7,690	7,555	47,521	84	1,920	64,770
Pension Plan	5,664	3,907	9,441	1,263	4,387	24,662
Total Personnel	<u>120,857</u>	<u>61,067</u>	<u>353,720</u>	<u>43,226</u>	<u>84,206</u>	<u>663,076</u>
Auto and Truck	-	-	14,601	-	1,429	16,030
Conference, Conventions and Meetings	3,986	-	7,060	1,346	802	13,194
Contract Services	-	5,268	7,734	-	1,725	14,727
Dues and Subscriptions	-	291	3,002	-	-	3,293
Equipment Rental and Maintenance	-	232	12,119	-	66	12,417
General Ministry	15,311	436	8,994	5,202	87,708	117,651
Occupancy	4,224	4,223	141,835	316	16,978	167,576
Postage and Shipping	1,506	3,053	2,015	50	355	6,979
Printing and Publications	2,506	4,434	5,130	79	5,602	17,751
Professional Fees	-	-	3,168	-	-	3,168
Promotion	943	43,927	4,583	-	124	49,577
Supplies	1,460	2,713	180,507	816	1,729	187,225
Telephone	785	490	5,893	209	2,327	9,704
Travel	23,310	1,487	17,645	6,409	15,992	64,843
Interest	-	-	12,974	-	-	12,974
Depreciation	1,006	1,137	180,626	-	15,347	198,116
Total Non-Personnel	<u>55,037</u>	<u>67,691</u>	<u>607,886</u>	<u>14,427</u>	<u>150,184</u>	<u>895,225</u>
TOTAL EXPENSES	\$ 175,894	\$ 128,758	\$ 961,606	\$ 57,653	\$ 234,390	\$ 1,558,301

See the accompanying Independent Auditors' Report.

Supporting Services

General Administrative	Fundraising	Total Supporting Services	Total Expenses
\$ 122,499	\$ 37,111	\$ 159,610	\$ 697,942
11,190	3,251	14,441	49,753
8,927	1,878	10,805	75,575
9,639	2,141	11,780	36,442
<u>152,255</u>	<u>44,381</u>	<u>196,636</u>	<u>859,712</u>
-	-	-	16,030
1,157	920	2,077	15,271
23,349	465	23,814	38,541
8,579	1,599	10,178	13,471
20,511	2,249	22,760	35,177
1,038	23	1,061	118,712
1,849	-	1,849	169,425
4,112	2,245	6,357	13,336
322	5,201	5,523	23,274
7,300	11,064	18,364	21,532
100	-	100	49,677
12,301	1,000	13,301	200,526
1,602	184	1,786	11,490
12,827	2,652	15,479	80,322
-	-	-	12,974
3,042	-	3,042	201,158
<u>98,089</u>	<u>27,602</u>	<u>125,691</u>	<u>1,020,916</u>
<u>\$ 250,344</u>	<u>\$ 71,983</u>	<u>\$ 322,327</u>	<u>\$ 1,880,628</u>