EVANGELICAL PRESBYTERIAN CHURCH
BENEFITS PLAN
Orlando, Florida

FINANCIAL STATEMENTS
June 30, 2017 and December 31, 2016

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INDEPENDENT AUDITORS' REPORT

General Assembly and
Board of Directors of EPC Benefit Resources, Inc.
Evangelical Presbyterian Church Benefits Plan
Orlando, Florida

We have audited the accompanying financial statements of Evangelical Presbyterian Church Benefits Plan (the Plan), which comprise the statements of net assets available for benefits and of benefit obligations as of June 30, 2017 and December 31, 2016, and the related statements of changes in net assets available for benefits and of changes in benefit obligations for the period January 1, 2017 to June 30, 2017 and the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 Plan'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 Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of June 30, 2017 and December 31, 2016, and the changes in financial status for the period January 1, 2017 to June 30, 2017 and the year ended December 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Orlando, Florida
February 26, 2018

EVANGELICAL PRESBYTERIAN CHURCH EMPLOYEE BENEFITS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
June 30, 2017 and December 31, 2016

	2017	2016
ASSETS		
CASH AND CASH EQUIVALENTS	$ 1,390,934	$ 1,032,311
INVESTMENTS, AT FAIR VALUE		
Money market funds	808,063	1,135,326
Fixed income	2,447,096	2,382,298
Mutual funds	828,136	796,313
Common stock	2,605,782	2,105,388
Total investments	6,689,077	6,419,325
RECEIVABLES		
Drug rebates	306,664	10,006
Stop loss refunds	81,413	109,274
Other receivables	22,975	-
Total receivables	411,052	119,280
OTHER ASSETS		
Deposits	160,818	160,818
Prepaid expenses	3,653	10,960
Total other assets	164,471	171,778
Total assets	8,655,534	7,742,694
LIABILITIES		
Accounts payable for administrative expenses	87,025	83,044
Net excess contributions received from participating churches	108,179	7,139
Total liabilities	195,204	90,183
NET ASSETS AVAILABLE FOR BENEFITS	$ 8,460,330	$ 7,652,511

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

EVANGELICAL PRESBYTERIAN CHURCH EMPLOYEE BENEFITS PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Period and Year Ended June 30, 2017 and December 31, 2016

	2017	2016
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Investment income:		
Net appreciation in fair value of investments	$ 203,988	$ 89,138
Dividends and interest	85,872	144,747
	289,860	233,885
Less investment expenses	20,095	32,346
Net investment income	269,765	201,539
Contributions:		
Premiums from participating churches	8,178,388	15,229,678
Total additions	8,448,153	15,431,217
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Claims	5,932,030	12,290,076
Premiums	1,007,677	1,252,723
Health savings account transfer	101,163	208,805
Administrative expenses	599,464	1,116,523
Total deductions	7,640,334	14,868,127
NET INCREASE	807,819	563,090
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	7,652,511	7,089,421
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$ 8,460,330	$ 7,652,511

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

EVANGELICAL PRESBYTERIAN CHURCH EMPLOYEE BENEFITS PLAN
STATEMENTS OF BENEFIT OBLIGATIONS
June 30, 2017 and December 31, 2016

	2017	2016
AMOUNTS CURRENTLY PAYABLE		
Claims payable and claims incurred but not reported	$ 1,544,666	$ 1,426,333
Premiums due to insurers	-	113,720
Total amounts currently payable	1,544,666	1,540,053
POSTRETIREMENT BENEFIT OBLIGATIONS, NET OF AMOUNTS CURRENTLY PAYABLE		
Retired participants	40,022	45,096
Other participants fully eligible for benefits	124,887	51,543
Participants not yet fully eligible for benefits	395,476	344,938
Total postretirement benefit obligations	560,385	441,577
TOTAL BENEFIT OBLIGATIONS	$ 2,105,051	$ 1,981,630

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

EVANGELICAL PRESBYTERIAN CHURCH EMPLOYEE BENEFITS PLAN
STATEMENTS OF CHANGES IN BENEFIT OBLIGATIONS
Period and Year Ended June 30, 2017 and December 31, 2016

	2017	2016
AMOUNTS CURRENTLY PAYABLE		
Balance, beginning of year	$ 1,540,053	$ 1,358,188
Claims and premiums incurred	6,944,320	13,724,664
Claims and insurance premiums paid	(6,939,707)	(13,542,799)
Balance, end of year	1,544,666	1,540,053
POSTRETIREMENT BENEFIT OBLIGATIONS, NET OF AMOUNTS CURRENTLY PAYABLE		
Balance, beginning of year	441,577	492,000
Benefits earned	33,757	77,472
Actuarial (gain) loss and change in assumptions	75,723	(132,539)
Interest	8,161	18,573
Benefits paid	(12,681)	(20,316)
Increase due to change in assumptions	13,848	6,387
Balance, end of year	560,385	441,577
TOTAL BENEFIT OBLIGATIONS, END OF YEAR	$ 2,105,051	$ 1,981,630

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

NOTE 1 - PLAN DESCRIPTION

The following description of the Evangelical Presbyterian Church Benefits Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a complete description of the Plan's provisions.

General

The Plan is a document describing benefits of the Evangelical Presbyterian Church (the Church). The Plan's benefits are available to any full-time employees of member churches and their families, certain missionaries and their families, as defined, under the oversight of the Committee on World Outreach or Committee on National Outreach, and clergy and their families of the Church. Retired employees are entitled to medical benefits under the Plan if they have attained at least age 59 ½, have served at least five years in a Church presbytery approved ministry, and make the required monthly premium contributions.

Effective January 1, 2017, the newly formed EPC Benefit Resources, Inc. (EPC BRI), a wholly owned subsidiary of the Evangelical Presbyterian Church (the Church), shall act as the Plan Administrator and trustee and shall be responsible for the administration of the Plan as described under the updated plan document.

Benefits

The Plan consists principally of a self-insured group medical plan providing health and prescription drug benefits. Retired employees are entitled to similar benefits (in excess of Medicare coverage).

In addition to the health and prescription drug benefits, the Plan also provides the following other kinds of insurance made available to eligible employees: term life insurance, accidental death and dismemberment insurance, long-term disability insurance, vision insurance, and dental insurance. The Plan fully insures all of the benefits, excluding the health and prescription drug benefits. The Church purchases insurance contracts for these insured benefits. Premiums for insured benefits are collected by the Plan from member churches and participants and paid from the assets of the Plan.

The claims for self-insured health benefits are processed by the Plan's third party claims processor under an administrative services only (ASO) arrangement. The claims processor pays claims directly to or on behalf of participants and is then reimbursed by the Plan. Despite the Plan's utilization of a third party claims processor, ultimate responsibility for payments to providers and participants is retained by the Plan. Through December 31, 2016, the claims processor also acted as the pharmacy benefit manager (PBM). Effective January 1, 2017, the pharmacy claims are now managed by a separate third party. The PBM periodically makes refunds to the Plan based on the Plan's actual utilization pattern of specific drugs.

NOTE 1 - PLAN DESCRIPTION (continued)

Benefits (continued)

The Plan has a health savings account arrangement (HSA) that is funded solely through participant and member church contributions. The HSA allows eligible participants to be reimbursed tax free for qualified medical expenses subject to a specified ceiling. Amounts remaining at the end of the year can generally be carried over to the next year. The account may be used for non-qualified expenses, but such withdrawals are generally subject to income tax and a 20% penalty; and remaining amounts are portable upon termination once the employee leaves the Church.

Stop Loss Coverage

The Plan has entered into a stop-loss insurance arrangement in an effort to limit its exposure for self-insured benefits (individual participant claims over a specific dollar amount, as well as its aggregate exposure for all claims). Under the agreement, the specific stop loss coverage begins when claims reach $275,000 per covered participant for the period January 1, 2017 to June 30, 2017 and the year January 1, 2016 to December 31, 2016, with a flat corridor amount of $50,000 for the period ended June 30, 2017 and the year December 31, 2016.

Premium Revenue

The Plan is fully funded from premiums charged to the participants and member churches at rates determined by the Board of Directors of EPC Benefit Resources, Inc. with the advice of an actuary. The costs of the postretirement benefit plan are shared by retirees. Retiree contribution rates are determined by the Board of Directors of EPC Benefit Resources, Inc. with the advice of an actuary. The Board of Directors, which consists of a group of appointed individuals who have oversight responsibility of the Plan, may divide participants into different classes and may require different contribution amounts for each class.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates in Preparing Financial Statements

The preparation 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, benefit obligations and changes therein, claims incurred but not reported, claims payable, liabilities, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Plan considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. However, short-term investments with maturities at the date of purchase of three months or less, which are subject to investment management direction, are treated as investments rather than cash.

The Federal Deposit Insurance Corporation (FDIC) insures deposits in any one financial institution up to $250,000. Balances in excess of FDIC limits are uninsured. At times during the year, the Plan has uninsured amounts on deposit. The Plan has not experienced any losses with regards to uninsured deposits.

Investment Valuation and Income Recognition

Investments are reported at fair value. 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. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Contributions Receivable

Contributions receivable, if any, generally require payment on a monthly basis. Management reviews individual receivable balances that are past due and based on assessment of current credit worthiness, estimates the portion, if any, of the balance that will not be collected. All outstanding accounts, if any, or portions thereof deemed to be uncollectible are written off to the allowance for losses. Contributions receivable and excess contributions received from participating churches are accounted for by premium type for each member church. At June 30, 2017 and December 31, 2016, gross contributions receivable amounted to $6,937 and $11,192, respectively, and gross excess contributions received from participating churches amounted to $115,116 and $18,331, respectively, resulting in net excess contributions received from participating churches. Management has reviewed the accounts and believes they are all collectible and no provision for uncollectible accounts has been provided at June 30, 2017 and December 31, 2016.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits

The Plan's third party claims processor requires a deposit based on the amount of average claims payable. Total deposits at June 30, 2017 and December 31, 2016 were $160,818.

Payment of Benefits

Premium payments for the insured benefits, paid by either the Church or the Plan, are recorded as premium payments in the accompanying Statements of Changes in Net Assets Available for Benefits.

Claim payments are recorded when submitted to the Plan by the third party claims processor for reimbursement. Amounts due to the claims processor that have yet to be reimbursed by the Plan are included in "claims payable and claims incurred but not reported" in the accompanying Statements of Benefit Obligations.

Stop Loss

Premiums for stop loss insurance are included in premium payments in the accompanying Statements of Changes in Net Assets Available for Benefits. Stop loss refunds totaling $81,413 and $373,085 have been netted with claims in the accompanying Statements of Changes in Net Assets Available for Benefits for the period January 1, 2017 to June 30, 2017 and the year ended December 31, 2016, respectively. Stop loss refunds due as of the financial statement date are reported as a receivable, with the offset being netted against claims.

Refunds

Refunds due from the Plan's PBM are recorded when earned. Refunds due as of the financial statement date have been reported as a receivable, if any, with the offset being netted against claims. Pharmacy rebates totaling $306,664 and $100,120 have been netted with claims in the accompanying Statements of Changes in Net Assets Available for Benefits for the period January 1, 2017 to June 30, 2017 and the year ended December 31, 2016, respectively. At June 30, 2017 and December 31, 2016 refunds due of $306,664 and $10,006, respectively, were reported as a receivable.

Administrative Expenses

The Plan pays administrative expenses that consist primarily of administrative fees paid to the Church and various service providers. These expenses are reported on the Statements of Changes in Net Assets Available for Benefits as "administrative expenses". Any administrative expenses not paid by the Plan are paid by the Church on behalf of the Plan.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Claims Incurred but not Reported

Plan obligations at June 30, 2017 and December 31, 2016 for health and pharmacy claims incurred by participants but not reported at that date are estimated by the Plan's actuary in accordance with accepted actuarial principles based on claims data provided by the Plan's third-party administrators. These amounts are paid by the Plan only if claims are submitted and approved for payment.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-period financial statements.

Subsequent Events

The Plan has evaluated subsequent events through February 26, 2018, the date the financial statements were available to be issued.

NOTE 3 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017 and December 31, 2016.

Money market funds: Valued and transacted at a stable $1.00 net asset value (NAV), which approximates fair value of the underlying assets within the fund.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Fixed income: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar securities, the security is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote is available.

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2017 and December 31, 2016:

	2017			
	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 808,063	$ -	$ -	$ 808,063
Mutual Funds	828,136	-	-	828,136
Fixed Income	-	2,447,096	-	2,447,096
Common Stock	2,605,782	-	-	2,605,782
Total Investments at Fair Value	$ 4,241,981	$ 2,447,096	$ -	$ 6,689,077

	2016			
	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 1,135,326	$ -	$ -	$ 1,135,326
Mutual Funds	796,313	-	-	796,313
Fixed Income	-	2,382,298	-	2,382,298
Common Stock	2,105,388	-	-	2,105,388
Total Investments at Fair Value	$ 4,037,027	$ 2,382,298	$ -	$ 6,419,325

NOTE 4 - POSTRETIREMENT BENEFIT OBLIGATIONS

The amount reported as the postretirement benefit obligations represents the actuarial present value of those estimated future benefits attributed by the terms of the Plan to employees' service rendered to the date of the financial statements, reduced by the actuarial present value of premium contributions expected to be received in the future from current Plan participants. Postretirement benefits include future benefits expected to be paid to or for (1) currently retired or terminated employees and their beneficiaries and dependents and (2) active employees and their beneficiaries and dependents after retirement from service with the Church. The costs of the postretirement benefits are shared by the Church and retirees. Retirees are expected to contribute approximately 70% of estimated costs of providing postretirement benefits. The postretirement benefit obligations represent the amount that is to be funded by contributions from the Church and from existing Plan assets.

The actuarial present value of the postretirement benefit obligations is determined by an actuary and is the amount that results from applying actuarial assumptions to historical claims-cost data to estimate future annual incurred claims costs per participant and to adjust such estimates for the time value of money and the probability of payment between the valuation date and the expected date of payment.

NOTE 4 - POSTRETIREMENT BENEFIT OBLIGATIONS (continued)

For measurement purposes, the assumed annual rate of increase in the per capita cost of covered health care benefits was 5.0% for 2017 and 2016. The rate decreases to 4.7% in the year 2084 and beyond. An assumed mortality rate was based on the RP-2014 healthy mortality table with generational projection per modified scale MP-2014.

The following were other significant assumptions used in the valuations as of June 30, 2017 and December 31, 2016.

Weighted-average discount rate:	
2017	3.50%
2016	3.75%
Retirement rates:	
59-61	10.0%
62-63	15.0%
64	10.0%
65	50.0%
66-69	40.0%
70 and older	100.0%

The valuation excludes current post-65 actives and retirees who are paying 100% of the premium. The independent actuary assumed that there is no implicit rate subsidy associated with these benefits.

The liability for postretirement benefits depends heavily on actuarial assumptions. The impact of changes to the actuarial assumptions would result in the benefit obligations increasing by approximately $66,500 and $48,000, as of June 30, 2017 and December 31, 2016, respectively, with a 1% increase in the annual health care cost trend assumptions.

The foregoing assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of the postretirement benefit obligations.

NOTE 5 - ADMINISTRATIVE EXPENSES AND RELATED PARTY TRANSACTIONS

Included in administrative expenses for the period January 1, 2017 to June 30, 2017 and the year ended December 31, 2016 is $63,625 and $175,409, respectively, of amounts the Plan reimbursed to the Church for Plan administrative and other expenses which were paid for by the Church or for services performed by Church employees on behalf of the Plan. The Plan was reimbursed by the Evangelical Presbyterian Church 403(b) Defined Contribution Retirement Plan for its share of the Church administrative expenses. Reimbursements amounted to $22,975 and $58,700 for the period January 1, 2017 to June 30, 2017 and the year ended December 31, 2016 and are included in administrative expenses. Also included in expenses at June 30, 2017 and December 31, 2016 is $5,320 and $68,161, respectively, of amounts paid related to the Affordable Care Act.

NOTE 6 - PLAN TERMINATION

Although it has not expressed any intention to do so, the Church has the right under the Plan to modify the benefits provided to, and contributions required of, participants to discontinue its contributions at any time and to terminate the Plan, subject to the provisions of the Plan agreement. In the event of termination of the Plan, remaining assets will be applied in a uniform and nondiscriminatory manner toward the provision of benefits for or on account of the participants.

NOTE 7 - INCOME TAX STATUS

The Plan is a “Church Plan”, as defined in Section 414(e) of the Internal Revenue Code, and is exempt from taxes.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator believes the Plan is not subject to income tax examinations due to the tax-exempt status.

NOTE 8 - RISKS AND UNCERTAINTIES

Plan investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to the changes in the values of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the Statements of Benefit Obligations and Net Assets Available for Benefits and the Statements of Changes in Benefit Obligations and Changes in Net Assets Available for Benefits.

NOTE 8 - RISKS AND UNCERTAINTIES (continued)

The postretirement benefit obligation is reported based on certain assumptions pertaining to the interest rates, health care trend rates, and employee demographics, all of which are subject to change. The estimate for claims incurred but not reported is based on certain assumptions pertaining to health care trend rates, claims lag, and historical claims data. Due to uncertainties inherent in the estimates and assumptions process, it is at least reasonably possible that changes in the estimates and assumptions in the near term would be material to the financial statements.

CliftonLarsonAllen

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