EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES
ORLANDO, FLORIDA

COMBINED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

SIX MONTHS ENDED JUNE 30, 2017

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES
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SIX MONTHS ENDED JUNE 30, 2017

INDEPENDENT AUDITORS' REPORT

General Assembly
Evangelical Presbyterian Church
Orlando, Florida

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Evangelical Presbyterian Church and Affiliates (EPC) which comprise the combined statement of financial position as of June 30, 2017, and the related combined statement of activities and cash flows for the six months then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the combined financial position of EPC as of June 30, 2017, and the changes in their net assets and their cash flows for the six months then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2017 combined financial statements as a whole. The 2017 schedule of expenses – administration fund, combining statement of financial position, and combining statement of activities are presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underling accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Orlando, Florida
March 19, 2018

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES
COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Cash and Cash Equivalents	$ 2,741,143
Investments	8,637,453
Investments - Restricted	2,040,649
Accounts Receivable	439,144
Accrued Interest	13,026
Inventories	14,664
Prepaid Expenses	29,796
Furniture and Equipment, Net	211,887
Notes Receivable	459,113
Deposits	177,659
Copyrights, Net	36,250
Total Assets	$ 14,800,784

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts Payable	$ 99,680
Claims Payable	1,544,666
Accrued Liabilities	438,462
Deferred Revenue	108,179
Capital Lease Obligations	67,011
Postretirement Benefit Obligations	560,385
Total Liabilities	2,818,383
NET ASSETS	
Unrestricted:	
Undesignated	690,836
Designated	7,322,224
Total Unrestricted	8,013,060
Temporarily Restricted	3,919,341
Permanently Restricted	50,000
Total Net Assets	11,982,401
Total Liabilities and Net Assets	$ 14,800,784

See accompanying Notes to Combined Financial Statements

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES
COMBINED STATEMENT OF ACTIVITIES
SIX MONTHS ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Program Income	$ 440,432	$ -	$ -	$ 440,432
Contributions	1,062,956	2,351,653	-	3,414,609
Premiums from Participating Churches	8,178,388	-	-	8,178,388
Interest and Dividends	111,410	32,574	-	143,984
Net Realized and Unrealized Gain on Investments	230,785	30,218	-	261,003
Net Assets Released from Restrictions	2,346,876	(2,346,876)	-	-
Total Support and Revenue	12,370,847	67,569	-	12,438,416
EXPENSES				
Program Expenses				
Church Program Expenses	3,719,098	-	-	3,719,098
Premiums and Medical Claims	7,164,291	-	-	7,164,291
General and Administrative	1,140,928	-	-	1,140,928
Total Expenses	12,024,317	-	-	12,024,317
CHANGE IN NET ASSETS	346,530	67,569	-	414,099
Net Assets - January 1, 2017	7,666,530	3,851,772	50,000	11,568,302
NET ASSETS - June 30, 2017	$ 8,013,060	$ 3,919,341	$ 50,000	$ 11,982,401

See accompanying Notes to Combined Financial Statements

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES
COMBINED STATEMENT OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 414,099
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation of Furniture and Equipment	34,690
Amortization of Copyrights	750
Net Realized and Unrealized Gains on Investments	(261,003)
Effects of Changes in Operating Assets and Liabilities:	
Accounts Receivable	(299,749)
Accrued Interest	1,274
Inventories	(375)
Prepaid Expenses	(15,303)
Deposits	6,191
Accounts Payable	(156,510)
Claims Payable	118,333
Accrued Liabilities	232,671
Postretirement Benefit Obligations	118,808
Deferred Revenue	101,040
Net Cash Provided by Operating Activities	294,916
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(2,423,875)
Proceeds from Sale of Investments	2,438,942
Purchase of Furniture and Equipment	(24,000)
Principal Payments Received from Notes Receivable	36,792
Net Cash Provided by Investing Activities	27,859
CASH FROM FINANCING ACTIVITIES	
Payment on Capital Lease Obligations	(8,412)
NET INCREASE IN CASH AND CASH EQUIVALENTS	314,363
Cash and Cash Equivalents - January 1, 2017	2,426,780
CASH AND CASH EQUIVALENTS, June 30, 2017	$ 2,741,143

See accompanying Notes to Combined Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Evangelical Presbyterian Church (EPC) began in 1981 and exists to carry out the great Commission of Jesus as a denomination of Presbyterian, Reformed, Evangelical, and Mission congregations. EPC consists of more than 600 churches with nearly 170,000 members and EPC has a world missions program with a priority in sending missionaries to unreached people groups. As part of its support of the member churches, EPC administers designated funds, provides a medical insurance program that is available to employees of member churches and their families, and provides a retirement plan that is available to any employees of member churches. EPC also operates a foundation which is a supporting organization of EPC. The ongoing work of the EPC is carried out by the office of general assembly and staff of each ministry. The combined financial statements include only the accounts of EPC and do not include the accounts of affiliated local presbyteries or member churches.

The Evangelical Presbyterian Church Foundation (the Foundation) was formed as a supporting organization of the EPC and must be operated, supervised, or controlled by or in connection with EPC. The Foundation is organized to operate exclusively for the benefit of, to perform the function of, and to carry out the purposes of holding and receiving by gift, bequest, devise, grant, or purchase any real or personal property, and to raise, invest and reinvest, and to use and to dispose of the same for the purpose of allocating funds to support the programs, mission and vision of the EPC.

Effective January 1, 2016, a separate LLC was established with EPC being the one member. The entity was organized and established exclusively to further the purposes of the member and to support and further the mission, of the member including overseeing and operating the member’s programs.

Effective January 1, 2017, EPC Benefits Resources, Inc. (BRI), was established with EPC being the sole shareholder. The entity was organized to establish two trusts to be overseen by the BRI board of directors as trustees, one for the EPC Retirement Plan and the other for all other insurance plans (medical plan, life, accidental death and disability, long-term disability, vision, and dental).

Significant accounting policies followed by EPC are presented below.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during each reporting period. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting and Net Asset Classifications

To ensure compliance with restrictions placed on the resources available to EPC, the accounting records are maintained in accordance with the principles of fund accounting. Resources are classified into funds established according to their nature and purposes. These funds include the church administration, designated, medical benefits, church loan, and church development funds.

For financial reporting purposes, these funds have been combined into the net asset categories of permanently restricted, temporarily restricted, and unrestricted as follows:

- Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit EPC to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.
- Temporarily restricted net assets contain donor-imposed restrictions that permit EPC to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of EPC.
- Unrestricted net assets are not restricted by donors or the donor-imposed restrictions have expired. As reflected in the accompanying combined statement of financial position, the board of directors has designated a portion of the unrestricted net assets for particular purposes.

Promises to Give

EPC does not record pledges received for the individual missionaries in the World Outreach fund. EPC only tracks the pledges to the point the missionary has sufficiently received or pledged resources to ensure the missionary is in compliance with their terms of call. The missionaries are responsible for obtaining and maintaining their donor relationships and EPC provides the missionaries tools and resources to assist with this task.

Cash and Cash Equivalents

EPC 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.

EPC maintains all of its checking and savings accounts in one commercial regional bank. Balances on deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits; however, balances in excess of FDIC limits are uninsured. EPC has not experienced any significant losses in such accounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investment securities consist of mutual funds, fixed income securities, corporate stocks, and money market funds and are recorded at fair value. The selected investment managers have been given full authority by the board of directors to manage the portfolio, in accordance with the EPC investment policy, for the benefit of EPC. Fair value is determined based upon quoted market values of the funds and securities. Investment securities acquired by gift or bequest are recorded at fair value on the date of gift and such amount is considered the cost of the security. Any realized gain or loss on sale of a security is determined using the cost basis of the security sold. Income from investments, including realized and unrealized gains and losses, is allocated among unrestricted and temporarily restricted net assets based on donor restrictions or the absence thereof.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the combined statement of financial position.

Accounts Receivable

Accounts receivable are primarily from the medical benefits program which generally requires 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 accounts or portions thereof deemed to be uncollectible are written off to the allowance for losses. Management has reviewed the accounts and believes they are all collectible and no provision for uncollectible accounts has been provided at June 30, 2017.

Inventories

Inventories consist primarily of books and other publications and are stated at the lower of cost or market value with cost based on specific identification.

Furniture and Equipment

Furniture and equipment are stated at cost or, for assets received as gifts or bequests, at the fair market value assigned on the date of the gift or bequest. EPC has established a $3,000 capitalization policy. Depreciation is provided on the straight-line method over the estimated useful lives of the individual assets ranging from three to seven years.

Depreciation expense for 2017 amounted to $34,690.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

During the year ended June 30, 2017, the value of contributed services meeting the requirements of recognition in the combined financial statements was not material and has not been recorded.

Revenue Recognition

Contributions are recognized as revenue when the donor makes a promise to give to EPC that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

EPC records a receivable for medical premiums billed in advance of the coming month and premium revenues are deferred until the month commences and are shown as deferred revenue on the accompanying combined statement of financial position.

Functional Allocation of Expenses

EPC allocates salaries and related payroll expenses to specific programs and supporting services on the basis of either actual or estimated time devoted to these activities. Other expenses have been allocated on the basis of either actual costs or other reasonable methods of allocation as determined by management. Fundraising expenses are not material and allocated separately.

Income Taxes

EPC is a nonprofit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been made in the accompanying combined financial statements. EPC files as a tax exempt organization, should that status be challenged in the future, all years since inception would be subject to review by the IRS.

Subsequent Events

In preparing these combined financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through March 19, 2018, the date the combined financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments are valued at market value and are maintained in investment accounts as follows as of June 30, 2017:

Administration:	
Wells Fargo	$ 3,989,025
Medical Insurance Fund:	
Merrill Lynch	6,689,077
Total	$ 10,678,102

These accounts are managed by fund administrators from each brokerage firm.

The investments were as follows as of June 30, 2017:

	Cost	Fair Value	Unrealized Gains (Losses)
Wells Fargo:			
Cash	$ 304,458	$ 304,458	$ -
Fixed Income	2,151,079	2,126,484	(24,595)
Equities	1,129,450	1,287,852	158,402
Mutual Funds	257,576	270,231	12,655
Total Wells Fargo	3,842,563	3,989,025	146,462
Merrill Lynch:			
Cash	808,063	808,063	-
Fixed Income	2,452,590	2,447,096	(5,494)
Equities	2,352,310	2,605,782	253,472
Mutual Funds	830,154	828,136	(2,018)
Total Merrill Lynch	6,443,117	6,689,077	245,960
Total	$ 10,285,680	$ 10,678,102	$ 392,422

The various investments in stocks, securities, mutual funds, and other investments are exposed to a variety of uncertainties, including interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of EPC.

NOTE 2 INVESTMENTS (CONTINUED)

Investment returns, net of investment fees, consist of the following for the six months ended June 30, 2017:

Net Unrealized and Realized Gains	$ 261,003
Interest and Dividends	143,984
Total Investment Return	$ 404,987

NOTE 3 FAIR VALUE MEASUREMENTS

EPC uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value. The term "fair value hierarchy" refers to the relative reliability of inputs to a fair value measurement. Generally, the lower the level of input for a fair value measurement, the more extensive the disclosure requirement.

The three-level fair value hierarchy prioritizes the inputs to valuation technique 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 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets that EPC 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. Level 2 inputs include valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in active markets or markets that are not active, such as dealer or broker markets

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

There were no financial instruments measured at fair value that moved to a lower level in the fair value hierarchy due to the lack of observable quotes in inactive markets for those instruments at June 30, 2017. Certain financial assets and liabilities are measured at fair value on a recurring basis while others are measured on a nonrecurring basis. EPC had no assets or liabilities measured on a nonrecurring basis at June 30, 2017.

Management measures its investments in stocks, fixed income, and mutual funds at fair value on a recurring basis. The fair value of its investments is based primarily on Level 1 inputs as described above. The following is a description of the valuation methodologies used for significant instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Investment Securities

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would typically include government bonds and exchange traded equities. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Examples of such instruments, which would generally be classified within Level 2 of the valuation hierarchy, include corporate and municipal bonds, mortgage-backed securities, and asset-backed securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy. EPC did not have any securities classified as Level 3 at June 30, 2017.

The following table summarizes financial assets (liabilities) measured at fair value as of June 30, 2017, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Money Market Funds	$ 1,112,521	$ -	$ -	$ 1,112,521
Mutual Funds	1,098,367	-	-	1,098,367
Fixed Income	2,126,484	2,447,096	-	4,573,580
Stocks	3,893,634	-	-	3,893,634
Total Investments at Fair Value	$ 8,231,006	$ 2,447,096	$ -	$ 10,678,102

NOTE 4 NOTES RECEIVABLE

Notes receivable consist of loan agreements made to member churches at an interest rate at 1.00% per annum or the Wells Fargo money market rate, whichever is greater and a term from 10 to 15 years. The churches make principal and interest payments on a monthly basis. All notes are guaranteed by the relevant presbytery and are included in the church loan fund. There are no delinquent notes receivable. Management has reviewed the notes receivable and believes all are collectible. No provision for uncollectible notes receivable has been provided at June 30, 2017.

There were no notes receivable committed, but not disbursed, as of June 30, 2017.

NOTE 4 NOTES RECEIVABLE (CONTINUED)

Notes receivable are allocated by management's internal risk ratings are follows as of June 30, 2017:

	Church Related PP&E	Total
Performing	$ 459,113	$ 459,113
Nonperforming	-	-
Total	$ 459,113	$ 459,113

Notes receivable consist of the following at June 30, 2017:

Faith EPC	$ 76,659
City Church	115,278
Grace Community	80,252
Christ Church	64,134
Peace Durham	42,130
New Creation	80,660
Total	$ 459,113

Future maturities of notes receivable are as follows at June 30, 2017:

Year Ending June 30,	Amount
2018	$ 68,137
2019	56,248
2020	56,248
2021	56,248
2022	48,398
Thereafter	173,834
Total	$ 459,113

NOTE 5 COPYRIGHTS

The church entered into an agreement with Summertown Tests for the purchase of copyrights for the EPC Edition of the Modern Language Version of the Westminster Confessions of Faith and Larger Catechism at a total cost of $28,750. In December of 2009, another copyright for the Westminster Confession of Faith was donated to the church and it has been valued at the same value as the other copyright ($28,750). Accumulated amortization amounts to $21,250 at June 30, 2017, and amortization expense was $750 for the six months ended June 30, 2017. Future amortization at June 30, 2017 is $1,500 annually through 2021 and $29,500 thereafter.

Total Copyrights	$	57,500
Less: Accumulated Amortization		21,250
Total	$	36,250

NOTE 6 DESIGNATED AND RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2017, consist of $50,000 for the Ministerial Endowment Fund whose earnings can be utilized by ministers who have extraordinary financial needs.

Temporarily restricted net assets consist of World Outreach and benevolence asking accounts. Individual missionary accounts are utilized to record funds raised for their terms of service. Temporarily restricted net assets amounted to $3,919,341 at June 30, 2017. Temporarily restricted net assets released from the World Outreach and benevolence restrictions amounted to $2,346,876 for the six months ended June 30, 2017.

Unrestricted designated net assets as of the following at June 30, 2017, have been designated for the following purposes by the board of directors:

Medical Insurance Fund	$	6,338,743
Future Administrative Office Knox Fund		99,208
Church Loan Fund		806,582
General Assembly Registrations		10,957
Capital Replacement		431
Church Development		66,303
Total	$	7,322,224

NOTE 7 SELF INSURANCE

EPC, through BRI, provides a sell-funded medical program (the Plan) which covers employees of member churches and their families, and clergy and their families, as adopted by member churches. The Plan loss exposure is limited through the use of stop loss insurance.

Following is a summary of transactions for the self-insurance program for 2017:

Premiums Billed	$ 8,178,388
Claims Expense	(6,037,806)
Premiums Expense	(1,007,677)
Administrative Expense	(599,464)
Decrease (Increase) in Postretirement Benefit Obligations	(118,808)
Interest and Dividend Income	65,777
Gain (Loss) in Market Value	203,988
Excess of Revenue Under Expenses	$ 684,398

The Plan uses a third-party service organization to process and pay medical claims. The service organization requires a deposit based on the amount of average claims payable. A deposit of $160,818 was required at June 30, 2017.

Management records a liability for claims relating to a year that are not paid until the following year. Total claims payable at June 30, 2017, amounted to $1,544,666. It is possible that management may be unaware of certain claims until considerable time after the year-end. Those claims are recorded as an expense in the period when management becomes aware of them.

NOTE 8 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, which 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.

NOTE 8 POSTRETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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.

For measurement purposes, the assumed annual rate of increase in the per capita cost of covered health care benefits was 5.0% for 2017. 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:

Weighted-Average Discount Rate:	
2017	3.5%
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 as of June 30, 2017, 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 9 RETIREMENT PLAN

The General Assembly Office participates in a multi-employer pension plan administered by the board of benefits as elected by the General Assembly of the Evangelical Presbyterian Church. The plan is a defined contribution type and contributions by the General Assembly Office to the plan for participants were $34,108 for the six months ended June 30, 2017. Any employee may participate in the salary reduction aspect of the plan. Also, the General Assembly Office may make contributions for the benefit of employees at its discretion.

NOTE 10 LEASES AND OTHER COMMITMENTS

In connection to the relocation of the EPC offices from Michigan to Florida in 2016, EPC entered into a lease agreement for office space which commenced on September 1, 2016, and requires base monthly rent of $16,841 with a maximum 3% yearly increase through 2026. Future minimum lease payments at June 30, 2017 are as follows:

Year Ending June 30,	Amount
2018	$ 207,147
2019	213,362
2020	219,763
2021	226,356
2022	233,126
Thereafter	1,116,506
Total	$ 2,216,260

EPC also entered into a various agreements for office equipment which are accounted for as capital leases, the last of which expires in July 2020. Future maturities on these capital leases at June 30, 2017, are as follows:

Year Ending June 30,	Amount
2018	$ 22,729
2019	22,729
2020	11,442
2021	8,378
2022	1,733
Total	$ 67,011

Capital lease assets at June 30, 2017, consist of:

Equipment	$ 85,712
Less: Accumulated Depreciation	18,277
Total	$ 67,435

NOTE 11 SUPPLEMENTAL CASH FLOW INFORMATION

Noncash Investing and Financing Activities:	
Equipment Acquired Under Capital Lease Obligations	$ 85,712

SUPPLEMENTARY INFORMATION

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES
SCHEDULES OF EXPENSES – ADMINISTRATION FUND
SIX MONTHS ENDED JUNE 30, 2017
(SEE INDEPENDENT AUDITOR'S REPORT)

EXPENSES	
Program:	
Salaries	$ 634,575
Payroll Taxes and Benefits	115,058
Staff Insurance and Pension	26,423
Professional Fees and Contract Services	27,581
Travel	161,021
Meetings and Conferences	41,840
Telephone	2,323
Insurance	9,690
Miscellaneous	48,919
Board-Designated Program Expenses	97,660
World Outreach Expenses	2,554,008
Total Program	3,719,098
Administration:	
Salaries	247,266
Payroll Taxes	12,279
Staff Insurance and Pension	48,743
Professional Fees	39,224
Office Rent and Taxes	88,554
Technology Support	41,066
Office Supplies	32,385
Printing and Promotion	13,929
Postage	16,290
Travel	5,669
Telephone	7,332
Program Activities	2,250
Miscellaneous	21,101
Depreciation and Amortization	35,440
Total Administration	611,528
Total Expenses	$ 4,330,626

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION
SIX MONTHS ENDED JUNE 30, 2017
(SEE INDEPENDENT AUDITOR'S REPORT)

	Combining Information			
	Evangelical Presbyterian Church	EPC Benefits Resource, Inc.	Eliminations	Combined Total
ASSETS				
Cash and Cash Equivalents	$ 1,350,209	$ 1,390,934	$ -	$ 2,741,143
Investments	1,948,376	6,689,077	-	8,637,453
Investments - Restricted	2,040,649	-	-	2,040,649
Accounts Receivable	60,761	411,052	(32,669)	439,144
Accrued Interest	13,026	-	-	13,026
Inventories	14,664	-	-	14,664
Prepaid Expenses	26,143	3,653	-	29,796
Furniture and Equipment, Net	211,887	-	-	211,887
Notes Receivable	459,113	-	-	459,113
Deposits	16,841	160,818	-	177,659
Copyrights, Net	36,250	-	-	36,250
Total Assets	$ 6,177,919	$ 8,655,534	$ (32,669)	$ 14,800,784
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	$ 28,788	$ 87,025	$ (16,133)	$ 99,680
Claims payable	-	1,544,666	-	1,544,666
Accrued liabilities	438,462	-	-	438,462
Deferred revenue	-	108,179	-	108,179
Capital lease obligations	67,011	-	-	67,011
Postretirement benefit obligations	-	560,385	-	560,385
Total liabilities	534,261	2,300,255	(16,133)	2,818,383
NET ASSETS				
Unrestricted:				
Undesignated	690,836	-	-	690,836
Designated	983,481	6,355,279	(16,536)	7,322,224
Total unrestricted	1,674,317	6,355,279	(16,536)	8,013,060
Temporarily restricted	3,919,341	-	-	3,919,341
Permanently restricted	50,000	-	-	50,000
Total net assets	5,643,658	6,355,279	(16,536)	11,982,401
Total Liabilities and Net Assets	$ 6,177,919	$ 8,655,534	$ (32,669)	$ 14,800,784

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES
COMBINING STATEMENT OF ACTIVITIES
SIX MONTHS ENDED JUNE 30, 2017
(SEE INDEPENDENT AUDITOR'S REPORT)

	Evangelical Presbyterian Church				EPC Benefits Resources, Inc.					Combined Totals			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Eliminations	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE													
Program Income	$ 527,032	$ -	$ -	$ 527,032	$ -	$ -	$ -	$ -	$ (86,600)	$ 440,432	$ -	$ -	$ 440,432
Contributions	1,062,956	2,351,653	-	3,414,609	-	-	-	-	-	1,062,956	2,351,653	-	3,414,609
Premiums from Participating Churches	-	-	-	-	8,178,388	-	-	8,178,388	-	8,178,388	-	-	8,178,388
Interest and Dividends	45,633	32,574	-	78,207	65,777	-	-	65,777	-	111,410	32,574	-	143,984
Net Realized and Unrealized Gain on Investments	26,797	30,218	-	57,015	203,988	-	-	203,988	-	230,785	30,218	-	261,003
Net Assets Released from Restrictions	2,346,876	(2,346,876)	-	-	-	-	-	-	-	2,346,876	(2,346,876)	-	-
Total Support and Revenue	4,009,294	67,569	-	4,076,863	8,448,153	-	-	8,448,153	(86,600)	12,370,847	67,569	-	12,438,416
EXPENSES													
Program Expenses													
Church Program Expenses	3,719,098	-	-	3,719,098	-	-	-	-	-	3,719,098	-	-	3,719,098
Permiums and Medical Claims	-	-	-	-	7,164,291	-	-	7,164,291	-	7,164,291	-	-	7,164,291
General and Administrative	611,528	-	-	611,528	599,464	-	-	599,464	(70,064)	1,140,928	-	-	1,140,928
Total Expenses	4,330,626	-	-	4,330,626	7,763,755	-	-	7,763,755	(70,064)	12,024,317	-	-	12,024,317
CHANGE IN NET ASSETS	(321,332)	67,569	-	(253,763)	684,398	-	-	684,398	(16,536)	346,530	67,569	-	414,099
Net Assets - January 1, 2017	1,995,649	3,851,772	50,000	5,897,421	5,670,881	-	-	5,670,881		7,666,530	3,851,772	50,000	11,568,302
NET ASSETS - June 30, 2017	$ 1,674,317	$ 3,919,341	$ 50,000	$ 5,643,658	$ 6,355,279	$ -	$ -	$ 6,355,279	$ (16,536)	$ 8,013,060	$ 3,919,341	$ 50,000	$ 11,982,401