

**ADVENT CHRISTIAN GENERAL CONFERENCE
OF AMERICA, INCORPORATED**

Charlotte, North Carolina

Audited Financial Statements

December 31, 2016

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED

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INDEPENDENT AUDITORS' REPORT

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The Board of Directors
Advent Christian General Conference of America, Incorporated
Charlotte, North Carolina

We have audited the accompanying financial statements of Advent Christian General Conference of America, Incorporated (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year 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 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. The prior year's summarized comparative information has been derived from Advent Christian General Conference of America, Incorporated's 2015 financial statements, and in our report dated September 14, 2016 we expressed an unqualified opinion on those financial statements. 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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of 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 position of Advent Christian General Conference of America, Incorporated as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The individual fund financial statements and schedules on pages 17-23 are presented for purposes of additional analysis and is 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.

Rowell, Craven & Short, P.A.
June 14, 2017
Charlotte, North Carolina

FINANCIAL STATEMENTS

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED

Statement of Financial Position
December 31, 2016
(With Comparative Totals as of December 31, 2015)

ASSETS	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 654,820	\$ 414,607
Investments	39,709	144,994
Investments - temporary	2,123,568	1,967,199
Accounts receivable	4,090	4,537
Inventories	47,265	34,590
Prepaid expenses	13,696	9,404
Total current assets	<u>2,883,148</u>	<u>2,575,331</u>
Investments- long term	578,522	557,843
Investments- pension	8,281,221	7,761,406
Property and equipment, net	308,344	331,308
Total assets	<u>\$ 12,051,235</u>	<u>\$ 11,225,888</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 72,523	\$ 30,294
Departmental accommodations	46,002	47,030
Subscriptions due	11,134	12,691
Total current liabilities	<u>129,659</u>	<u>90,015</u>
Ministers' accumulated vested benefits- A Fund	4,252,098	3,907,547
Ministers' accumulated vested benefits- B Fund	1,181,681	1,040,511
Pension annuity - participants vested amounts	1,199,695	1,270,302
Total long-term liabilities	<u>6,633,474</u>	<u>6,218,360</u>
Total liabilities	<u>6,763,133</u>	<u>6,308,375</u>
 Net assets:		
Permanently restricted	591,336	562,487
Temporarily restricted	454,309	415,772
Unrestricted:		
Undesignated	2,531,406	2,375,162
Board designated	1,711,051	1,564,092
Total net assets	<u>5,288,102</u>	<u>4,917,513</u>
Total liabilities and net assets	<u>\$ 12,051,235</u>	<u>\$ 11,225,888</u>

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

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2016

(With Comparative Totals for the Year Ended December 31, 2015)

	Unrestricted Funds	
	Undesignated Funds	Board Designated Funds
REVENUES, GAINS, AND OTHER SUPPORT		
Support:		
United ministries	672,748	\$ -
Penny crusade	517,435	-
Christmas in October	67,267	-
First responders	23,429	-
Individual and estate gifts	227,041	225
Field offerings and other gifts	22,719	-
Revenues and gains:		
Administrative service fees	16,000	-
Pension deposits	256,050	-
Subscriptions	25,314	-
Income on investments	211,527	8,168
Convention income	43,961	-
Other income	8,250	-
Gains (losses) on sale of marketable securities	(2,652)	28,879
Resource Center gross profit	39,770	-
Unrealized gain (loss) on investments, net	537,181	171,758
Total revenues, gains and other support	2,666,041	209,029
Reclassifications:		
Satisfaction of purpose restriction	129,618	(65,397)
Transfers between funds, ACGC Fund	(9,727)	11,542
Transfers between funds, Pension Fund	(415,115)	-
Total reclassifications	(295,224)	(53,855)
EXPENSES		
Program services:		
United ministries program	354,830	-
World outreach program	644,145	-
Communications program	208,038	-
Nurture program	161,868	-
Student and family program	105,338	-
Convention program	50,049	-
Supporting services:		
Management and general	430,633	9,216
Distributions to pension participants	255,809	-
Fund raising	3,232	-
Total expenses	2,213,942	9,216
Change in net assets	\$ 156,875	\$ 145,958
Net assets, beginning of year	2,375,162	1,564,092
Net assets, end of year	\$ 2,532,037	\$ 1,710,050

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

	Temporarily <u>Restricted Funds</u>	Permanently <u>Restricted Funds</u>	<u>Total All Funds</u>	
			<u>2016</u>	<u>2015</u>
\$	-	\$	672,748	705,458
	-		517,435	504,598
	-		67,267	61,010
	-		23,429	28,009
	56,681	-	283,947	461,173
	-	-	22,719	25,756
	-	-	16,000	16,000
	-	-	256,050	224,454
	-	-	25,314	26,288
	1,126	16,998	237,819	255,611
	-	-	43,961	-
	-	-	8,250	5,500
	(336)	(16,879)	9,011	308,007
	-	-	39,770	50,869
	45,658	32,332	786,929	(595,015)
	103,129	32,451	3,010,650	2,077,718
	(64,020)	(201)	-	-
	(48)	(1,767)	-	-
	-	-	(415,115)	(295,564)
	(64,068)	(1,968)	(415,115)	(295,564)
	-	-	354,830	371,650
	-	-	644,145	646,782
	-	-	208,038	242,752
	-	-	161,868	240,618
	-	-	105,338	-
	-	-	50,049	-
	154	1,634	441,637	449,034
	-	-	255,809	333,984
	-	-	3,232	4,210
	154	1,634	2,224,946	2,289,030
\$	38,907	\$ 28,849	\$ 370,589	\$ (506,876)
	415,772	562,487	4,917,512	5,424,388
\$	454,679	\$ 591,336	\$ 5,288,101	\$ 4,917,512

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED

Statement of Cash Flows

For the Year Ended December 31, 2016

(With Comparative Totals for the Year Ended December 31, 2015)

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 370,589	\$ (506,876)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	25,924	26,864
Loss (gain) on sale of investments	(9,011)	(308,007)
Loss on disposal of assets	139	-
Unrealized (gain) loss on investments, net	(786,929)	595,014
Receipt of donated stock	(17,115)	(10,598)
(Increase) decrease in operating assets:		
Accounts receivable	447	(1,870)
Inventories	(12,675)	5,536
Prepaid expenses	(4,292)	(2,235)
Increase (decrease) in operating liabilities:		
Accounts payable	42,229	11,081
Departmental accommodations	(1,028)	2,169
Subscriptions due	(1,557)	864
Net cash used by operating activities	<u>(393,278)</u>	<u>(188,058)</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(3,099)	(35,242)
Proceeds from sale of assets	-	-
Purchases of investments	(935,155)	(1,475,659)
Proceeds from redemption of investments	<u>1,156,629</u>	<u>1,243,345</u>
Net cash provided by investing activities	<u>218,375</u>	<u>(267,556)</u>
FINANCING ACTIVITIES		
Change in vested benefits	416,941	295,566
Transfers between funds, net	<u>(1,826)</u>	<u>-</u>
Net cash provided by financing activities	<u>415,115</u>	<u>295,566</u>
Net increase in cash	240,212	(160,048)
Cash, at beginning of year	<u>414,608</u>	<u>574,656</u>
Cash, at end of year	<u>\$ 654,820</u>	<u>\$ 414,608</u>

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

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED

Notes to Financial Statements

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Advent Christian General Conference of America, Inc. is organized to serve the denomination of Advent Christian people. The General Conference serves by promoting the mission and purpose of the Advent Christian Church, working interdependently with all denominational entities, encouraging each local Advent Christian Church and coordinating common endeavors to fulfill the Great Commission of our Lord Jesus Christ. The General Conference provides religious and missionary services through various programs including United Ministries, Convention, World Outreach, Communications, and Nurture Program.

Net Assets

Net assets are classified into three categories permanently restricted, temporarily restricted, and unrestricted.

Permanently restricted funds are endowment funds established by specific donor restrictions and/or action by the Executive Council. The performance expectation is an overall return of ten percent, and investment income earned by these funds may be released for use in accordance with the guidelines established for each fund. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Temporarily restricted funds are restricted for special purposes at the request of the donor(s). Funds are released for use in accordance with the wishes of the donor or by the guidelines previously established by the Executive Council when a particular fundraising appeal was created. Resources are used and accounted for in accordance with the donor-intended purpose.

Board designated funds are temporarily restricted by action of the Executive Council. Funds are released for use in accordance with restrictions established by Executive Council.

Unrestricted funds are the portions that are uncommitted at year end.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Accounts Receivable

Accounts receivable are comprised of amounts due from customers for goods shipped requiring payment within 30 days from the invoice date. The Organization provides for losses on accounts receivable using the allowance method. The allowance method is based on experience and each customer balance is individually reviewed when the balance exceeds 90 days from the invoice date. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Credit losses, when realized, have been within the range of the Organization's expectations and, historically have not been significant. Accounts receivable are reported at the full

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED

Notes to Financial Statements

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accounts Receivable – continued

amount management expects to collect from outstanding balances. Management considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts was considered necessary.

Investments

Cash, cash investments, securities, certificates of deposit and passbook accounts are reflected at fair market value plus interest earned and credited through December 31, 2016 and 2015. Investments in securities are reflected at fair market value or at estate value in the case of bequests. Dividends earned are recognized as income at the time the funds are received. In accordance with FASB ASC 958-320-50 unrealized gains or losses are included in the statement of activities and changes in net assets.

Inventories

Inventories are stated at the lower of cost or market and consist primarily of literature, hymnal and supply inventories. Cost is determined by the average cost method.

Property

Property and equipment that is purchased are carried at cost, while property received through gifts are recorded at fair market value at the date of the gift. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes which amounted to \$25,924 and \$26,864 for years ended December 31, 2016 and 2015, respectively.

	2016	2015
Land and land improvements	\$ 231,954	\$ 231,954
Headquarters property	278,078	276,428
Headquarters furnishings and equipment	99,884	98,935
Residences (including furnishings)	130,471	130,471
Vehicles	24,991	24,991
	<u>765,378</u>	<u>762,779</u>
Less, accumulated depreciation	457,034	431,472
Total property and equipment, net	<u>\$ 308,344</u>	<u>\$ 331,307</u>

Shipping and Handling Costs

The Organization classifies freight billed to customers as sales revenue and the related freight costs as cost of sales.

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED

Notes to Financial Statements

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

Support and Revenue

Contributions received by the Organization are generally available for unrestricted use in the related year unless specifically restricted by the donor. Contributions of donated noncash assets are recorded at their fair values in the period received.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2- INVESTMENTS

Investments are presented in the financial statements at fair market value at December 31, 2016 and 2015, respectively as follows:

	12/31/2016		Unrealized Gain(Loss) on Investments
	Cost	Market Value	
Undesignated Fund	\$ 40,797	\$ 39,709	\$ (1,088)
Undesignated Fund- Pension	5,994,488	8,281,221	2,286,733
Temporarily & Board Designated Fund	1,190,928	2,123,567	932,639
Permanently Restricted Fund	585,859	578,522	(7,337)
Total	\$ 7,812,072	\$ 11,023,019	\$ 3,210,947

	Cost	Market Value	Unrealized Gain(Loss) on Investments
Common stock	\$ -	\$ -	\$ -
Mutual funds	40,797	39,709	(1,088)
	\$ 40,797	\$ 39,709	\$ (1,088)

	Cost	Market Value	Unrealized Gain(Loss) on Investments
Fixed income securities:			
Corporate bonds	\$ 6,319	\$ 6,064	\$ (255)
Government obligations	382,865	440,484	57,619
Mutual funds	2,370,044	2,903,698	533,654
Common stock	3,235,260	4,930,975	1,695,715
	\$ 5,994,488	\$ 8,281,221	\$ 2,286,733

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED

Notes to Financial Statements

NOTE 2- INVESTMENTS- Continued

	12/31/2016		
	Cost	Market Value	Unrealized Gain(Loss) on Investments
Temporarily & Board Designated Fund			
Mutual funds	\$ 377,756	\$ 361,682	\$ (16,074)
Common stock	813,172	1,761,885	948,713
	\$ 1,190,928	\$ 2,123,567	\$ 932,639
Permanently Restricted Fund			
Mutual funds	\$ 585,859	\$ 578,522	\$ (7,337)
Total all funds			
Common stock	\$ 4,048,432	\$ 6,692,860	\$ 2,644,428
Mutual funds	3,374,456	3,883,611	509,155
Fixed income securities:			
Corporate bonds	6,319	6,064	(255)
Government obligations	382,865	440,484	57,619
	\$ 7,812,072	\$ 11,023,019	\$ 3,210,947

The following tabulation summarizes the net increase(decrease) in unrealized appreciation of investments:

	Cost	Market Value	Market over Cost (Cost over Market)
Balance at end of year	\$ 7,812,072	\$ 11,023,019	\$ 3,210,947
Balance at beginning of year	\$ 8,007,425	\$ 10,431,443	\$ 2,424,018
Increase (decrease) in unrealized appreciation of investments.			\$ 786,929

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED

Notes to Financial Statements

NOTE 2- INVESTMENTS- Continued

	12/31/2015		Unrealized Gain(Loss) on Investments
	Cost	Market Value	
Undesignated Fund	\$ 146,886	\$ 144,995	\$ (1,891)
Undesignated Fund- Pension	6,011,052	7,761,407	1,750,355
Temporarily & Board Designated Fund	1,251,974	1,967,198	715,224
Permanently Restricted Fund	597,513	557,843	(39,670)
Total	\$ 8,007,425	\$ 10,431,443	\$ 2,424,018
	Cost	Market Value	Unrealized Gain(Loss) on Investments
Undesignated Fund			
Common stock	\$ 76,382	\$ 74,513	\$ (1,869)
Mutual funds	70,504	70,482	(22)
	\$ 146,886	\$ 144,995	\$ (1,891)
	Cost	Market Value	Unrealized Gain(Loss) on Investments
Undesignated Fund- Pension			
Fixed income securities:			
Corporate bonds	\$ 200,591	\$ 194,240	\$ (6,351)
Government obligations	448,810	513,825	65,015
Mutual funds	2,328,054	2,729,607	401,553
Common stock	3,033,597	4,323,735	1,290,138
	\$ 6,011,052	\$ 7,761,407	\$ 1,750,355
	Cost	Market Value	Unrealized Gain(Loss) on Investments
Temporarily & Board Designated Fund			
Mutual funds	\$ 401,798	\$ 379,224	\$ (22,574)
Common stock	850,176	1,587,974	737,798
	\$ 1,251,974	\$ 1,967,198	\$ 715,224

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED

Notes to Financial Statements

NOTE 2- INVESTMENTS- Continued

	12/31/2015		Unrealized Gain(Loss) on Investments
	Cost	Market Value	
Permanently Restricted Fund			
Mutual funds	\$ 597,513	\$ 557,843	\$ (39,670)
Total all funds	Cost	Market Value	Unrealized Gain(Loss) on Investments
Common stock	\$ 3,960,155	\$ 5,986,222	\$ 2,026,067
Mutual funds	3,397,869	3,737,156	339,287
Fixed income securities:			
Corporate bonds	200,591	194,240	(6,351)
Government obligations	448,810	513,825	65,015
	<u>\$ 8,007,425</u>	<u>\$ 10,431,443</u>	<u>\$ 2,424,018</u>

The following tabulation summarizes the net increase(decrease) in unrealized appreciation of investments:

	Cost	Market Value	Market over Cost (Cost over Market)
Balance at end of year	<u>\$ 8,007,425</u>	<u>\$ 10,431,443</u>	\$ 2,424,018
Balance at beginning of year	<u>\$ 7,456,505</u>	<u>\$ 10,475,536</u>	\$ 3,019,031
Increase (decrease) in unrealized appreciation of investments.			<u>\$ (595,013)</u>

Unrealized gain (loss) on investments is reported in Revenues, Gains, and Other Support on the Statement of Activities.

Professional literature defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The guidance states that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions market participants would use in pricing the asset or liability under current market conditions at the measurement date. As a basis for considering market participant assumptions in fair value measurements, the guidance establishes a fair value hierarchy that is based on the subjectivity of inputs (Level I and II) which are either observable market data or those that are unobservable (Level III).

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED

Notes to Financial Statements

NOTE 2- INVESTMENTS- Continued

The assets 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Three levels of inputs that may be used to measure fair value are as follows:

- Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2- Inputs to the valuation methodology include:
 - A. Quoted prices for similar assets or liabilities in active markets.
 - B. Quoted prices for identical or similar assets or liabilities in inactive markets.
 - C. Inputs other than quoted prices that are observable for the asset or liability.
 - D. Inputs that are derived principally from or corroborated by observable market data by correlation or by other means.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 inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments. For example, short-term debt securities maturing in sixty days or less are generally valued at amortized cost. Generally, amortized cost approximates the current fair value of short-term debt securities, but since the valuation is not obtained from a quoted price in an active market, such securities are reflected as Level 2.

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 December 31, 2016 and 2015.

Equity securities- mutual funds and common stock: Valued at the quoted market price from the exchange.

Corporate debt securities and government obligations: Valued based on recently executed transactions and market quotations (where observable).

Certificate of deposits: Valued at cost, which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED

Notes to Financial Statements

NOTE 2- INVESTMENTS- Continued

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2016 and 2015, respectively:

Fair Value Measurements at Reporting Date Using				
	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	December 31, 2016	December 31, 2015
Exchange Traded Funds:				
Short Term Funds	496,267	-	496,267	347,575
Total Return Funds	2,675	-	2,675	238,038
Fixed Income:				
Corporate Bonds		6,064	6,064	194,240
Government obligations		440,484	440,484	513,825
Mutual Funds:				
Inflation Funds	-	-	-	-
Intermediate Funds	645,532	-	645,532	625,698
International Funds	169,329	-	169,329	171,740
Large Funds	891,320	-	891,320	784,599
Mid-Cap Funds	645,848	-	645,848	544,951
Short Term Funds	716,246	-	716,246	701,978
Small Funds	12,456	-	12,456	35,072
Other Funds	303,937	-	303,937	362,016
Common Stocks:				
Basic Materials	355,380	-	355,380	282,130
Consumer Goods	548,200	-	548,200	500,870
Financial	1,900,755	-	1,900,755	1,644,320
Healthcare	703,490	-	703,490	592,920
Industrial Goods	541,180	-	541,180	498,730
Services	930,382	-	930,382	1,052,860
Technology	1,597,043	-	1,597,043	1,232,794
Utilities	116,430	-	116,430	107,085
	\$ 10,576,470	\$ 446,548	\$ 11,023,018	\$ 10,431,441

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED

Notes to Financial Statements

NOTE 3- CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at multiple financial institutions. The Organization has not experienced any losses in the accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2016 and 2015 the Organization's uninsured cash balances were \$46,778 and \$0, respectively.

The Organization's marketable securities at December 31, 2016 and 2015 are held by financial services companies. Management believes the Organization has no significant concentration of credit risk with respect to these investments.

NOTE 4- COMPENSATED ABSENCES

The Organization provides for vacation and sick leave for employees as work load allows. Compensated absences for vacation and sick pay have not been accrued since they cannot be reasonably estimated, but are expensed as incurred.

NOTE 5- OPERATING LEASES

The Organization presently leases certain office equipment which is classified as operating leases under certain criteria established by the Financial Accounting Standards Board Codification. Total rent expense for December 31, 2016 and 2015 was \$19,153 and \$17,537, respectively. Future minimum rental payments required under operating leases having initial or remaining non-cancelable terms in excess of one year at December 31, 2016 were:

2017	\$ 28,512
2018	18,887
2019	13,842
2020	13,008
2021	7,232
	<u>\$ 81,481</u>

NOTE 6 - INCOME TAXES

The Organization has obtained exemption from income taxes under Section 501(c) (3) of the Internal Revenue Code and, therefore, no provision for income taxes has been recognized in the accompanying financial statements. Although the Organization is exempt from filing a tax return because of their religious exemption, they are voluntarily filing Form 990 beginning with the 2012 year.

The Financial Accounting Standards Board (FASB) issued FASB ASC 740-10, "Accounting for Uncertainty in Income Taxes," which clarifies the accounting and recognition for income tax positions taken. While Advent Christian General Conference is considered a tax exempt organization, the provisions of ASC 740-10 may still apply in certain situations. ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in the tax return. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, and disclosure.

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED

Notes to Financial Statements

NOTE 6 - INCOME TAXES – continued

Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Management will continually evaluate expiring statutes of limitations, changes in tax law, and new authoritative rulings.

NOTE 7- DEFINED CONTRIBUTION PLAN

The General Conference has established a defined contribution plan for its ministers and employees. Ministers in the conference can contribute to the plan and their respective churches also can make contributions to the plan. Contributions received in the plan totaled \$256,050 and \$224,454 for years ended December 31, 2016 and 2015, respectively. Below are the respective liabilities for the pension fund. The General Conference annually contributes nine percent of the senior staff salary to the plan.

Ministers' Accumulated Vested Benefit Accounts– This represents an obligation to fund the members' vested pension accounts in accordance with contractual agreements. Total amount of accumulated vested benefits at December 31, 2016 and 2015 is \$5,433,779 and \$4,948,058 respectively.

NOTE 8- ANNUITY PARTICIPANTS VESTED AMOUNTS

Upon retirement, member balances are transferred from Part II to Part III and their lifetime annual annuity payments are calculated based on their accumulated balance and life expectancy. Obligations to fund the members' vested annuity account in accordance with contractual agreements are reported in the Statement of Financial Position as Pension annuity- participants vested amounts. Distributions to participants under this plan for the years ended December 31, 2016 and 2015 were \$139,396 and \$141,020, respectively. The fair market value of Part III investments set aside for this plan at December 31, 2016 was \$965,908. According to the actuarial study the obligation to participants at December 31, 2016 was \$1,199,695. The investments consist of 28.09% invested in government securities and corporate bonds and the remaining 71.91% invested in mutual funds and certificates of deposits. An actuarial study was performed on January 12, 2017 for the December 31, 2016 year end. The obligation on the balance sheet is currently at the actuarial valuation. Below contains information on the assumptions used in the study:

Measurement Period 01/01/2016-12/31/2016

Asset valuation method: Fair market value of assets at 12/31/2016

Interest rate 3.50%*

Retirees ** 29

* This interest rate was chosen to comply with Accounting Standards Codification Section 715-20-50. This interest rate is based on spot yields of investment grade, long-term corporate bonds as of December 31, 2016, with duration similar to the duration of the liabilities for annuity benefits being valued in this plan.

** Generational RP-2014 Mortality Table for Healthy Annuitants, with mortality projection using MP-2016 Mortality Projection Scale.

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED

Notes to Financial Statements

NOTE 9- PRIOR YEAR SUMMARIZED INFORMATION

The financial statements contain certain prior year comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2015, from which summarized information was derived.

NOTE 10- TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Net assets were temporarily and permanently restricted for the following purposes at December 31, 2016 and 2015:

<u>Permanently Restricted</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Leadership Resource Endowment	\$ 12,752	\$ 12,752
J. Howard Shaw Endowment Fund	110,661	110,661
Shew Trust	9,917	9,917
C. Kirby Endowment Fund Missions	105,898	105,898
Michael Scholarship Endowment	14,339	14,339
Tithing Powers Endowment Fund	338,174	339,889
Fair Market Value Investment Adjustment	(404)	(30,969)
Total Permanently Restricted	<u>\$ 591,337</u>	<u>\$ 562,487</u>

<u>Temporarily Restricted</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
AIMS Support Fund	\$ 825	\$ 525
Minority Scholarship Fund	3,336	4,250
Leadership Resource Fund	54,459	56,540
Leader's Conference	-	3,358
TLC Project Fund	3,656	178
Missionary Relief Fund	100	300
Anniversary Campaign Fund	-	520
Radio Evangelism	11,755	14,255
Pastors Library Fund	14,045	11,324
Mission Capital Fund	158,261	158,220
World Hunger/Emergency Relief	14,583	16,406
Focus Home Missions Fund	50	2,205
Michael Scholarship Fund	363	422
Fair Market Value Investment Adjustment	192,876	147,269
Total Temporarily Restricted	<u>\$ 454,309</u>	<u>\$ 415,772</u>

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED

Notes to Financial Statements

NOTE 11- DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 14, 2017, the date that the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED
ACGC

Statement of Financial Position
December 31, 2016
(With Comparative Totals as of December 31, 2015)

ASSETS	Unrestricted Funds	
	Undesignated Funds	Board Designated Funds
Current assets:		
Cash and cash equivalents	\$ 172,211	\$ 31,447
Investments	39,709	1,677,618
Accounts receivable	4,090	-
Inventories	47,265	-
Prepaid expenses	11,711	1,985
Total current assets	274,986	1,711,050
Investments- long term	-	-
Property and equipment, net	308,344	-
Total assets	\$ 583,330	\$ 1,711,050
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 70,697	\$ -
Departmental accommodations	46,002	-
Subscriptions due	11,134	-
Total current liabilities	127,833	-
Total liabilities	127,833	-
Net assets:		
Permanently restricted	-	-
Temporarily restricted	-	-
Unrestricted:		
Undesignated	455,497	-
Board designated	-	1,711,050
Total net assets	455,497	1,711,050
Total liabilities and net assets	\$ 583,330	\$ 1,711,050

See accompanying notes to financial statements.

<u>Temporarily Restricted Funds</u>	<u>Permanently Restricted Funds</u>	<u>Total All Funds</u>	
		<u>2016</u>	<u>2015</u>
\$ 8,360	\$ 12,815	\$ 224,833	\$ 159,173
445,949	-	2,163,276	2,112,192
-	-	4,090	4,537
-	-	47,265	34,590
-	-	13,696	9,404
<u>454,309</u>	<u>12,815</u>	<u>2,453,160</u>	<u>2,319,896</u>
-	578,522	578,522	557,843
-	-	308,344	331,308
<u>\$ 454,309</u>	<u>\$ 591,337</u>	<u>\$ 3,340,026</u>	<u>\$ 3,209,047</u>
\$ -	\$ -	\$ 70,697	\$ 30,296
-	-	46,002	47,030
-	-	11,134	12,691
-	-	<u>127,833</u>	<u>90,017</u>
-	-	127,833	90,017
-	591,337	591,337	562,487
454,309	-	454,309	415,772
-	-	455,497	576,679
-	-	1,711,050	1,564,092
<u>454,309</u>	<u>591,337</u>	<u>3,212,193</u>	<u>3,119,030</u>
<u>\$ 454,309</u>	<u>\$ 591,337</u>	<u>\$ 3,340,026</u>	<u>\$ 3,209,047</u>

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED
ACGC

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	Unrestricted Funds	
	Undesignated Funds	Board Designated Funds
REVENUES, GAINS, AND OTHER SUPPORT		
Support:		
United ministries	672,748	\$ -
Penny crusade	517,435	-
Christmas in October	67,267	-
First responders	23,429	-
Individual and estate gifts	227,041	225
Field offerings and other gifts	22,719	-
Revenues and gains:		
Administrative service fees	16,000	-
Subscriptions	25,314	-
Income on investments	17,585	8,168
Convention registrations	43,331	1,000
Other income	-	-
Gains (losses) on sale of marketable securities	(5,605)	28,879
Resource Center gross profit	39,770	-
Unrealized gain (loss) on investments, net	804	171,758
Total revenues, gains and other support	1,667,838	210,030
Reclassifications:		
Satisfaction of purpose restriction	129,618	(65,397)
Transfers between funds	(9,727)	11,542
Total reclassifications	119,891	(53,855)
EXPENSES		
Program services:		
United ministries program	354,830	-
World outreach program	644,145	-
Communications program	208,038	-
Nurture program	161,868	-
Student and family program	105,338	-
Convention program	50,049	-
Supporting services:		
Management and general	381,411	9,216
Fundraising	3,232	-
Total expenses	1,908,911	9,216
Change in net assets	(121,182)	146,959
Net assets, beginning of year	576,679	1,564,092
Net assets, end of year	\$ 455,497	\$ 1,711,051

See accompanying notes to financial statements.

	<u>Temporarily Restricted Funds</u>	<u>Permanently Restricted Funds</u>	<u>Total All Funds</u>	
			<u>2016</u>	<u>2015</u>
\$	-	\$ -	\$ 672,748	705,458
	-	-	517,435	504,598
	-	-	67,267	61,010
	-	-	23,429	28,009
	56,681	-	283,947	461,173
	-	-	22,719	25,756
	-	-	16,000	16,000
	-	-	25,314	26,288
	1,127	16,998	43,878	54,620
	(370)	-	43,961	-
	-	-	-	-
	(336)	(16,879)	6,059	42,723
	-	-	39,770	50,869
	45,658	32,332	250,551	(64,362)
	<u>102,760</u>	<u>32,450</u>	<u>2,013,079</u>	<u>1,912,142</u>
	(64,020)	(201)	-	-
	(48)	(1,767)	-	-
	<u>(64,068)</u>	<u>(1,968)</u>	<u>-</u>	<u>-</u>
	-	-	354,830	371,650
	-	-	644,145	646,782
	-	-	208,038	242,752
	-	-	161,868	240,618
	-	-	105,338	-
	-	-	50,049	-
	154	1,634	392,415	398,299
	-	-	3,232	4,210
	<u>154</u>	<u>1,634</u>	<u>1,919,915</u>	<u>1,904,311</u>
	38,538	28,848	93,164	7,831
	415,772	562,487	3,119,030	3,111,199
\$	<u>454,310</u>	<u>\$ 591,335</u>	<u>\$ 3,212,194</u>	<u>\$ 3,119,030</u>

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED
ACGC

Statement of Cash Flows
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)

	2016	2015
OPERATING ACTIVITIES		
Change in net assets	\$ 93,164	\$ 7,831
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	25,924	26,864
(Gain) on disposal of assets	139	-
Loss (Gain) on sale of investments	(6,059)	(42,723)
Unrealized loss (gain) on investments, net	(250,553)	64,362
Receipt of donated stock	(17,115)	(10,598)
(Increase) decrease in operating assets:		
Accounts receivable	447	(1,870)
Inventories	(12,675)	5,536
Prepaid expenses	(4,292)	(2,235)
Increase (decrease) in operating liabilities:		
Accounts payable	40,401	11,081
Departmental accommodations	(1,028)	2,169
Subscriptions due	(1,557)	864
Net cash used by operating activities	(133,204)	61,281
INVESTING ACTIVITIES		
Purchases of property and equipment	(3,099)	(35,242)
Proceeds from sale of assets	-	-
Purchases of investments	(122,712)	(280,618)
Proceeds from redemption of investments	324,675	233,308
Net cash provided (used) by investing activities	198,864	(82,552)
Net increase in cash	65,660	(21,271)
Cash, at beginning of year	159,173	180,444
Cash, at end of year	\$ 224,833	\$ 159,173

See accompanying notes to financial statements.

ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED
ACGC

Schedule of Activity and Changes in Fund Balances
Permanently and Temporarily Restricted and Board Designated Funds
For the Year Ended December 31, 2016

	Fund Balance 1/1/2016	Income	Expenses	Transfers In (Out)	Fund Balance 12/31/16
<u>Board Designated</u>					
Church Planting Fund	\$ 51,843	\$ -	\$ 648	\$ -	\$ 51,195
Headquarters Capital Bd. Des.	4,314	-	4,045	-	269
New Church Builders Union	7,375	-	-	-	7,375
Powers Trust Fund	860,695	23,436	55,947	-	828,184
Convention Reserve	78,628	(960)	161	-	77,507
Properties Capital Reserve Fund	-	2,446	2,446	-	-
World Missions Reserve Fund	-	2,149	2,149	-	-
Fair Market Value Investment Adjustment	561,238	-	-	183,298	744,536
Total Board Designated	\$ 1,564,093	\$ 27,071	\$ 65,396	\$ 183,298	\$ 1,709,066
<u>Permanently Restricted</u>					
Leadership Resource Endowment	\$ 12,752	\$ -	\$ -	\$ -	\$ 12,752
J. Howard Shaw Endowment Fund	110,661	-	-	-	110,661
Shew Trust	9,917	201	201	-	9,917
Tithing Powers Endowment	339,890	(1,716)	-	-	338,174
C. Kirby Endowment Fund Missions	105,898	-	-	-	105,898
Michael Scholarship Endowment	14,339	-	-	-	14,339
Fair Market Value Investment Adjustment	(30,969)	-	-	30,565	(404)
Total Permanently Restricted	\$ 562,488	\$ (1,515)	\$ 201	\$ 30,565	\$ 591,337
<u>Temporarily Restricted</u>					
AIMS Support Fund	\$ 525	\$ 300	\$ -	\$ -	\$ 825
Minority Scholarship Fund	4,250	86	1,000	-	3,336
Leadership Resource Fund	56,540	259	2,340	-	54,459
Leadership Conference	3,358	430	3,788	-	-
TLC Project Fund	178	9,474	5,996	-	3,656
Missionary Relief Fund	300	125	325	-	100
Anniversary Campaign Fund	520	-	520	-	-
Radio Evangelism	14,255	-	2,500	-	11,755
Pastors Library Fund	11,325	5,908	3,188	-	14,045
Missions Project	158,220	11,061	11,020	-	158,261
World Hunger/Emergency Relief	16,406	28,964	30,787	-	14,583
Focus Home Missions Fund	2,205	50	2,205	-	50
Michael Scholarship Fund	422	291	350	-	363
Fair Market Value Investment Adjustment	147,269	-	-	45,607	192,876
Total Temporarily Restricted	\$ 415,773	\$ 56,948	\$ 64,019	\$ 45,607	\$ 454,309
Total	\$ 2,542,354	\$ 82,504	\$ 129,616	\$ 259,470	\$ 2,754,712

See accompanying notes to financial statements.

**ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED
BOARD OF PENSIONS**

*Statement of Financial Position
December 31, 2016
(With Comparative Totals as of December 31, 2015)*

	Part I Operating Fund	Part II Ministers' Accumulation Fund
ASSETS		
Current assets:		
Cash on hand and invested	\$ 194,561	\$ 178,366
Due from / to other Board of Pension funds	(176,726)	-
Total current assets	<u>17,835</u>	<u>178,366</u>
Investments- long term	<u>57,744</u>	<u>7,257,569</u>
Total assets	<u>\$ 75,579</u>	<u>\$ 7,435,935</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 1,826	\$ -
Total current liabilities	<u>1,826</u>	<u>-</u>
Long-term liabilities:		
Ministers' accumulated vested benefits- A Fund	-	4,252,098
Ministers' accumulated vested benefits- B Fund	-	1,181,681
Pension annuity- participants vested amounts	-	-
Total liabilities	<u>1,826</u>	<u>5,433,779</u>
Net Assets:		
Unrestricted:		
Undesignated	<u>73,753</u>	<u>2,002,156</u>
Total net assets	<u>73,753</u>	<u>2,002,156</u>
Total liabilities and net assets	<u>\$ 75,579</u>	<u>\$ 7,435,935</u>

See accompanying notes to financial statements.

Part III Pension Annuity Fund	Total All Funds	
	2016	2015
\$ 57,061	\$ 429,988	\$ 255,435
176,726	-	-
<u>233,787</u>	<u>429,988</u>	<u>255,435</u>
965,908	8,281,221	7,761,406
<u>\$ 1,199,695</u>	<u>\$ 8,711,209</u>	<u>\$ 8,016,841</u>
\$ -	\$ 1,826	\$ -
-	1,826	-
-	4,252,098	3,907,546
-	1,181,681	1,040,511
<u>1,199,695</u>	<u>1,199,695</u>	<u>1,270,302</u>
<u>1,199,695</u>	<u>6,635,300</u>	<u>6,218,359</u>
-	2,075,909	1,798,482
-	2,075,909	1,798,482
<u>\$ 1,199,695</u>	<u>\$ 8,711,209</u>	<u>\$ 8,016,841</u>

**ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED
BOARD OF PENSIONS**

*Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)*

REVENUES AND GAINS	Operating Fund	Ministers' Accumulated Vested Benefits
Revenues and gains:		
Pension deposits	\$ -	\$ 256,050
Income from investments	3,204	156,715
Gain (loss) on sale of securities, net	-	15,780
Withdrawal penalty	8,250	-
Unrealized gain (loss) on investments, net	289	524,275
Total revenues and gains	11,743	952,820
Reclassifications:		
Transfers between funds	73,216	(600,291)
EXPENSES		
General and administrative:		
General conference services	16,000	-
Board meetings	-	-
Pastors insurance	2,384	-
Securities expense	-	4,666
Management fees	511	13,787
Audit fee	6,300	-
Distributions to participants	-	116,413
Total expenses	25,195	134,866
Change in net assets	59,764	217,663
Net assets, beginning of year	13,989	1,784,493
Net assets, end of year	\$ 73,753	\$ 2,002,156

See accompanying notes to financial statements.

Pension Annuity Participants	Total All Funds		
	Vested Amounts	2016	2015
\$	-	\$ 256,050	\$ 224,454
	34,023	\$ 193,942	200,990
	(12,828)	2,953	265,284
	-	8,250	5,500
	11,815	536,378	(530,652)
	33,010	997,573	165,576
	111,960	(415,115)	(295,564)
	-	16,000	16,000
	-	-	770
	-	2,384	2,611
	10	4,676	4,725
	5,564	19,862	20,329
	-	6,300	6,300
	139,396	255,809	333,984
	144,970	305,031	384,719
	-	277,427	(514,707)
	-	1,798,482	2,313,189
\$	-	\$ 2,075,909	\$ 1,798,482

**ADVENT CHRISTIAN GENERAL CONFERENCE OF AMERICA, INCORPORATED
BOARD OF PENSIONS**

*Statement of Cash Flows
For the Year Ended December 31, 2016
(With Comparative Totals for the Year Ended December 31, 2015)*

	2016	2015
OPERATING ACTIVITIES		
Change in net assets	\$ 277,427	\$ (514,707)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Loss (gain) on sale of investments	(2,953)	(265,284)
Unrealized loss (gain) on investments, net	(536,379)	530,652
Increase (decrease) in operating liabilities:		
Accounts Payable	1,826	
Net cash provided by operating activities	(260,079)	(249,339)
INVESTING ACTIVITIES		
Purchases of investments	(812,438)	(1,195,041)
Proceeds from redemption of investments	831,955	1,010,037
Net cash provided by (used in) investing activities	19,517	(185,004)
FINANCING ACTIVITIES		
Change in vested benefits	416,941	295,566
Transfers between funds, net	(1,826)	-
Net cash used in financing activities	415,115	295,566
Net increase (decrease) in cash	174,553	(138,777)
Cash, at beginning of year	255,435	394,212
Cash, at end of year	\$ 429,988	\$ 255,435

See accompanying notes to financial statements.