

Northwest Ministry Network Executive Summary and Financial Statements For the Year Ended December 31, 2015

The writer of Proverbs reminds us that, “The blessing of the LORD makes rich, and he adds no sorrow with it” (Proverbs 10:22 ESV). As we look back on the past year, we are grateful for the Lord’s blessings and for the faithful stewardship of our ministers and churches. This report provides an overview of our financial picture for 2015, with various snapshots to illustrate our overall fiscal health. The Northwest Ministry Network values living within our means, which means we plan our budgets carefully, track income trends, and manage our spending according to budgets on an ongoing basis. This includes accounting for various scenarios, such as revenue generated in one year and spent in a later year, sold assets that produce an infusion of cash, or grants provided that result in large one-time expenses. In recent years, we’ve developed systems to slice through these anomalies and bring clarity to determine how well we lived within our means on an operational basis. Taking these factors into consideration, the Network ended 2015 with a net operational gain of \$200,250, and a positive change in net assets of \$18,895. The balance sheet, or Statement of Financial Position shows the Network’s combined liabilities and net assets as \$13,134,106.

Accountability

The Network is highly committed to accountability in its financial management. Along with the oversight of the Network Presbytery, Finance Team, Investment Team, and Evangelical Council for Financial Accountability (ECFA), the Network also annually engages an outside firm to perform a full audit on its financial systems and records. *Freeman & Bonnema, PLLC*, a firm from Minneapolis, Minnesota, that specializes in non-profit accounting, performed the audit and the Network was given a “clean bill of financial health” for years ended December 31, 2015 and 2014. The State of Financial Position, Statement of Activities, and Statement of Cash Flows are attached to this Executive Summary. The auditor did note that the organization made significant progress in updating its financial process manuals and expects the project to be completed by December 2016.



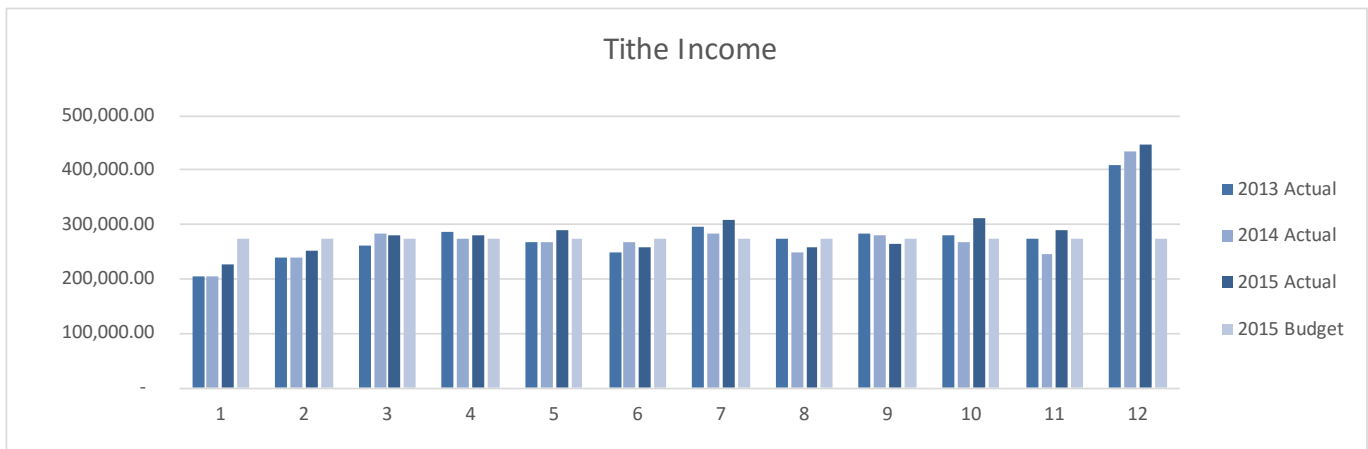
Enhancing Trust

Investments

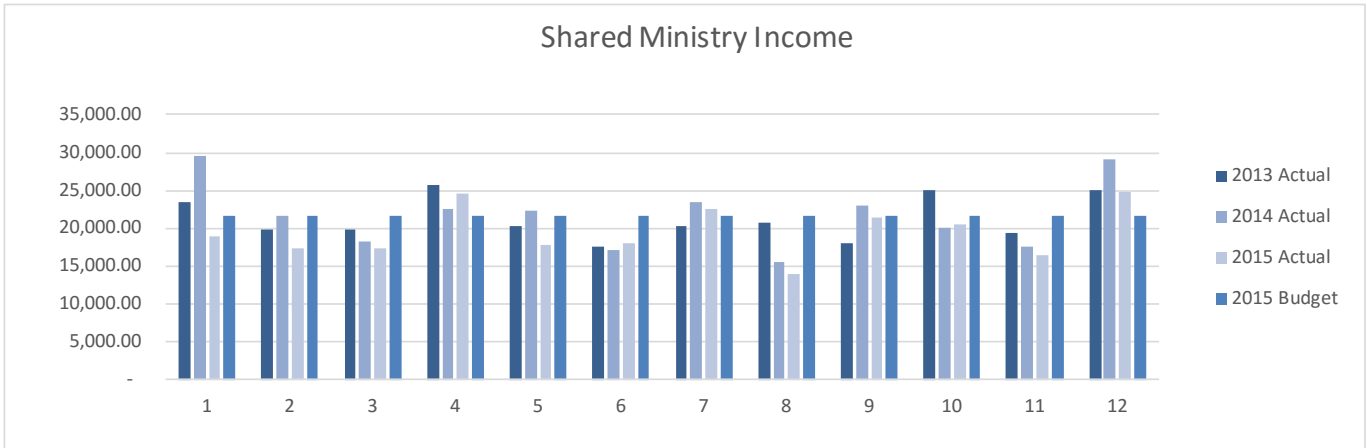
The Network’s investment portfolio posted a loss of \$34,109 through December 2015. Investment gains are predominantly for restricted purposes such as foreign and local missions and do not fund operations. In addition, our reserves are carefully managed by our investment team.

Giving Trends

The Network’s two primary income streams, tithe and Shared Ministry, through December 2015 were 5% (or \$177,955) above and 10% (or \$26,626) below 2014, respectively. Combined these two income streams are 4% (or \$151,329) above 2014. Tithe income through December 2015 was above budgeted expectations by 5% (or \$178,150).



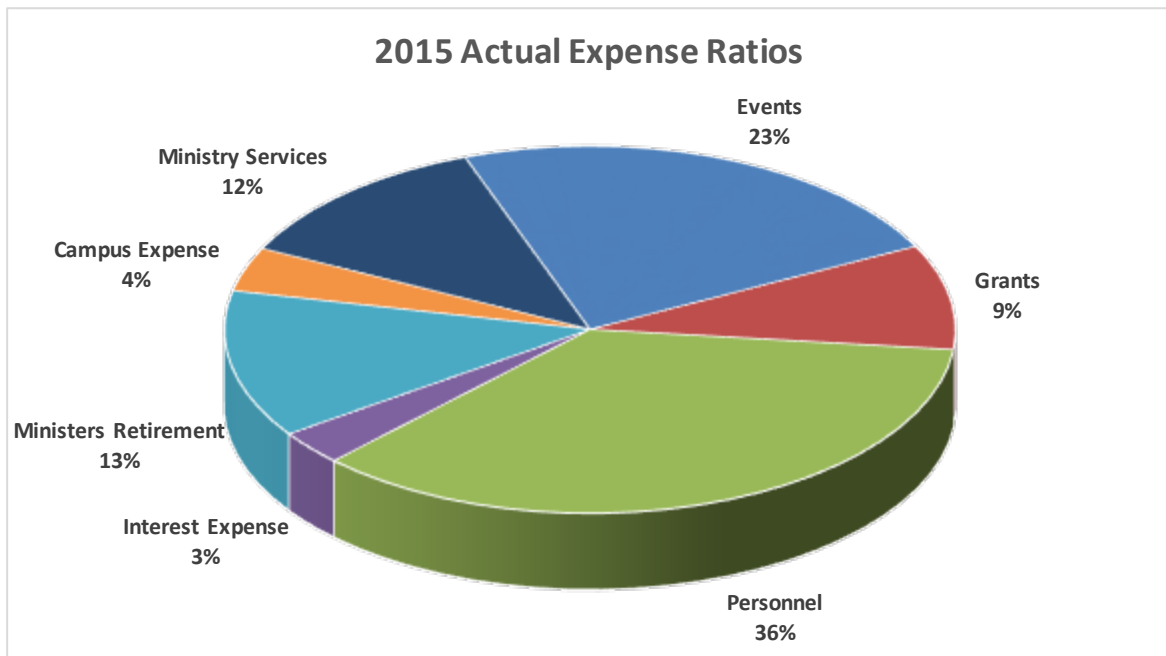
Shared Ministry income was 10% (or \$26,626) below budgeted expectations. The decline in 2015 Shared Ministry income follows three consecutive years of increased giving.



The average number of giving units for tithe through December 2015 was 759 and Shared Ministry giving units averaged 97. The total number of unique giving units for tithe through December 2015 was 1,089 and Shared Ministry unique giving units numbered 133. The average gift size for tithe through December 2015 was \$381 and the average shared ministry gift size was \$201.

Allocation of Expenses

The Network carefully allocates the funds entrusted to its care to align with the organization’s values and mission. Funds are carefully managed against the annual budget as well as comparative benchmarks of similar organizations. Careful analysis is given to manage the unique activities of a given year and to ensure that funds are working hard to strengthen and develop empowered leaders and churches while collectively bringing the hope of Jesus to our communities. Expenses were at budgeted expectations through December 2015. The graph below illustrates how Network finances were allocated in 2015.



Northwest Ministry Network of the Assemblies of God
Statements of Financial Position
December 31, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 1,512,398	\$ 2,157,532
Investments	4,288,733	3,921,259
Accounts Receivables - Net of Allowance for Bad Debt	227,035	138,537
Investments Held for Deferred Compensation	133,041	128,110
Prepaid Expenses	61,845	43,953
Current Assets	<u>6,223,052</u>	<u>6,389,391</u>
<u>LAND, BUILDINGS AND EQUIPMENT</u>		
Land	1,809,136	1,809,136
Buildings and Building Improvements	4,876,938	4,876,938
Furniture and Equipment	237,101	219,998
Total Cost	<u>6,923,175</u>	<u>6,906,072</u>
Less: Accumulated Depreciation	<u>(1,449,283)</u>	<u>(1,344,166)</u>
Net	<u>5,473,892</u>	<u>5,561,906</u>
<u>OTHER ASSETS</u>		
Agency Funds Held - ICM	575,296	518,933
Properties Held in Trust	437,303	437,303
Properties Held for Sale	231,006	231,006
Permanently Restricted Investments	155,148	154,224
Capitalized Finance Costs	38,409	24,893
Total Other Assets	<u>1,437,162</u>	<u>1,366,359</u>
Total Assets	<u>13,134,106</u>	<u>13,317,656</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	177,185	285,682
Current Portion of Long Term Debt	127,442	125,000
Death Benefit Fund	40,912	44,390
Deferred Compensation	133,041	128,110
Deferred Revenue	4,275	21,256
Accrued Interest Expense	11,138	13,931
Total Current Liabilities	<u>493,993</u>	<u>618,369</u>
<u>LONG-TERM LIABILITIES</u>		
Mortgage Note Payable-First Citizens Bank	3,375,435	3,509,867
Total Long-Term Liabilities	<u>3,375,435</u>	<u>3,509,867</u>
<u>OTHER LIABILITIES</u>		
Agency Funds - ICM	575,296	518,933
Properties Held in Trust	437,303	437,303
Total Long-Term Liabilities	<u>1,012,599</u>	<u>956,236</u>
Total Liabilities	<u>4,882,027</u>	<u>5,084,472</u>
<u>NET ASSETS</u>		
Restricted:		
Permanently	155,148	154,224
Temporary	342,395	332,331
Total Restricted Net Assets	<u>497,543</u>	<u>486,555</u>
Unrestricted:		
Board Designated	1,709,698	1,897,698
Net Assets in Building and Equipment	1,998,286	1,938,001
Non-designated	4,046,552	3,910,930
Total Unrestricted Net Assets	<u>7,754,536</u>	<u>7,746,629</u>
Total Net Assets	<u>8,252,079</u>	<u>8,233,184</u>
Total Liabilities and Net Assets	<u>13,134,106</u>	<u>13,317,656</u>

Northwest Ministry Network
Statement of Activities and Changes in Net Assets
For the Years Ended December 31, 2015 and 2014

<u>CHANGE IN UNRESTRICTED NET ASSETS</u>	<u>2015</u>	<u>2014</u>
<u>SUPPORT AND REVENUE</u>		
Ministerial Tithes	\$ 3,466,716	\$ 3,288,761
Events and Projects	865,701	792,269
Other Income	32,797	29,360
Shared Ministry	233,762	260,388
Rental Income	439,021	429,973
Contributions and Offerings	81,736	105,905
Released from Temporarily Restricted Net Assets	<u>364,129</u>	<u>716,317</u>
Total Support and Revenue	<u>5,483,862</u>	<u>5,622,973</u>
<u>OPERATING EXPENSES</u>		
Personnel costs	1,893,457	1,878,627
Events	1,228,291	1,199,556
Grants	492,177	874,736
Ministers' retirement	693,343	657,752
Ministry services	648,077	592,194
Campus expenses	<u>206,969</u>	<u>191,478</u>
Total Operating Expenses	<u>5,162,314</u>	<u>5,394,343</u>
Change in Net Assets Before Other Changes	<u>321,548</u>	<u>228,630</u>
<u>OTHER CHANGES</u>		
Investment (Income) Loss	34,109	(268,938)
Depreciation and Amortization Expense	109,564	111,460
Interest Expense	161,696	171,667
Bad Debt Expense	<u>8,273</u>	<u>3,983</u>
Total Other Changes	<u>313,642</u>	<u>18,172</u>
Change in Unrestricted Net Assets	<u>7,906</u>	<u>210,458</u>
<u>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</u>		
Contributions	374,193	701,524
Released to Unrestricted Net Assets	<u>(364,129)</u>	<u>(716,317)</u>
Change in Temporarily Restricted Net Assets	<u>10,064</u>	<u>(14,793)</u>
<u>CHANGE IN PERMANENTLY RESTRICTED NET ASSETS</u>		
Contributions	<u>925</u>	<u>416</u>
Change in Net Assets	18,895	196,081
Net Assets - Beginning of the Year	<u>8,233,184</u>	<u>8,037,103</u>
Net Assets - End of the Year	<u>8,252,079</u>	<u>8,233,184</u>

Statement of Cash Flows
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 18,895	\$ 196,081
Items That are not a Source or Use of Cash:		
Depreciation and Amortization	109,564	111,460
Loss on Disposal of Equipment	-	-
Unrealized (Gain) Loss on Investments	244,990	(27,316)
Realized (Gain) Loss on Sale of Investments	(93,875)	(147,092)
Other Changes:		
(increase) in Accounts Receivable	(88,498)	(26,728)
(Increase) in Prepaid Expenses	(17,892)	(4,502)
Increase (Decrease) in Accounts Payable	(108,497)	39,481
(Decrease) in Accrued Interest Expense	(2,793)	(905)
(Decrease) in Death Benefit Payable	(3,478)	(3,797)
Increase (Decrease) in Deferred Revenue	(16,981)	16,980
CASH FLOWS-OPERATING ACTIVITIES	<u>41,435</u>	<u>153,662</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Investments	(519,513)	(130,820)
Capital Additions	(17,103)	-
CASH FLOWS-INVESTING ACTIVITIES	<u>(536,616)</u>	<u>(130,820)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Finance Costs Incurred	(17,963)	-
Principal Payments on Notes Payable	(131,990)	(119,796)
CASH FLOWS-FINANCING ACTIVITIES	<u>(149,953)</u>	<u>(119,796)</u>
Change in Cash and Cash Equivalents	<u>(645,134)</u>	<u>(96,954)</u>
Cash and Cash Equivalents - Beginning of Year	<u>2,157,532</u>	<u>2,254,486</u>
Cash and Cash Equivalents - End of Year	<u>1,512,398</u>	<u>2,157,532</u>
Cash Paid for Interest	<u>164,489</u>	<u>172,572</u>