

**ASSEMBLIES OF GOD
NORTHERN CALIFORNIA AND NEVADA
DISTRICT COUNCIL, INC,
(A Nonprofit Corporation)**

**FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017
(With Comparative Totals for 2016)**

**ASSEMBLIES OF GOD
NORTHERN CALIFORNIA AND NEVADA
DISTRICT COUNCIL, INC.**

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Assemblies of God
Northern California and Nevada
District Council, Inc.
Sacramento, California

We have reviewed the accompanying financial statements of the Assemblies of God Northern California and Nevada District Council, Inc. (a California Nonprofit Corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, the statement of functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously reviewed the Assemblies of God Northern California and Nevada District Council, Inc.'s 2016 financial statements, and our report dated April 13, 2017, stated that based on our procedures, we were not aware of any material modifications that should be made to the 2016 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2016, for it to be consistent with the reviewed financial statements from which it has been derived.

Ken Mierzwinski, CPA

Ken Mierzwinski, CPA
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April 12, 2018

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ASSEMBLIES OF GOD
NORTHERN CALIFORNIA AND NEVADA DISTRICT COUNCIL, INC.
(A Nonprofit Corporation)
STATEMENT OF FINANCIAL POSITION

	2017	2016
ASSETS		
Cash	\$ 4,906,473	\$ 4,602,568
Cash held by Home Mission Churches	3,532,793	3,373,350
Notes receivable - related party (Note 3)	2,418,111	2,789,169
Accounts receivable	16,711	9,424
Prepaid expenses	12,107	43,957
Property and equipment - net (Note 5)	3,048,600	3,170,705
Home Mission Churches real property - net (Note 4)	16,133,793	16,700,972
 Total assets	 \$ 30,068,588	 \$ 30,690,145
 LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 163,876	\$ 177,513
Notes payable - secured - Home Mission Properties (Note 6)	8,740,328	9,888,987
Notes payable - unsecured (Note 6)	236,633	178,927
Funds held for others	1,250,043	1,249,894
 Total liabilities	 10,390,880	 11,495,321
Net assets:		
Unrestricted		
Undesignated	801,215	1,053,875
Designated	2,817,174	2,476,780
Temporarily restricted	14,982,866	14,643,305
Permanently restricted	1,076,453	1,020,864
 Total net assets	 19,677,708	 19,194,824
 Total liabilities and net assets	 \$ 30,068,588	 \$ 30,690,145

See accompanying notes to financial statements.

ASSEMBLIES OF GOD
NORTHERN CALIFORNIA AND NEVADA DISTRICT COUNCIL, INC.
(A Nonprofit Corporation)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Comparative Totals for 2016)

	Unrestricted		Temporarily Restricted	Permanently Restricted	Review 2017	Review 2016
	Undesignated	Designated	Home Mission	Endowment	Combined	Combined
Support and Revenue:						
Ministers tithes and dues	\$ 2,238,127	\$ -	\$ -	\$ -	\$ 2,238,127	\$ 2,187,405
Church Ministries Division and auxiliary activities	1,287,400	-	26,810	-	1,314,210	1,298,750
Other offerings and miscellaneous	311,950	251,264	-	600	563,814	501,905
Interest revenue	58,223	74,539	390,526	55,073	578,361	632,195
Insurance premiums collected	-	-	394,798	-	394,798	410,094
Home Mission churches receipts	-	-	9,556,518	-	9,556,518	9,680,974
Total support and revenues	3,895,700	325,803	10,368,652	55,673	14,645,828	14,711,323
Expenses:						
Auxiliary and other program services	819,879	51,502	28,965	54,459	954,805	957,710
General administration	3,041,389	-	2,075	-	3,043,464	3,005,865
Insurance claims and premiums paid	-	-	402,400	-	402,400	381,071
Home Mission interest	-	-	376,802	-	376,802	458,692
Home Mission churches expenses	-	-	8,669,669	-	8,669,669	8,728,342
Total expenses	3,861,268	51,502	9,479,911	54,459	13,447,140	13,531,680
Change in Net Assets Before Capital Additions (Deletions)	34,432	274,301	888,741	1,214	1,198,688	1,179,643
Capital Additions (Deletions)						
Gain (loss) on disposition of assets	(13,470)	-	-	-	(13,470)	131,745
Depreciation and amortization	(135,154)	-	(567,180)	-	(702,334)	(698,338)
Total capital additions (deletions)	(148,624)	-	(567,180)	-	(715,804)	(566,593)
Change in Net Assets Before Transfers	(114,192)	274,301	321,561	1,214	482,884	613,050
Transfers to (from)Fund	(138,468)	66,093	18,000	54,375	-	-
Net assets, beginning of year	1,053,875	2,476,780	14,643,305	1,020,864	19,194,824	18,581,774
Net assets, end of year	\$ 801,215	\$ 2,817,174	\$ 14,982,866	\$ 1,076,453	\$ 19,677,708	\$ 19,194,824

See accompanying notes to financial statements.

ASSEMBLIES OF GOD
NORTHERN CALIFORNIA AND NEVADA DISTRICT COUNCIL, INC.
(A Nonprofit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Comparative Totals for 2016)

	Unrestricted		Temporarily Restricted	Permanently Restricted	Review	Review
	Undesignated	Designated	Home Mission	Endowment	2017 Combined	2016 Combined
Cash Flows from Operating Activities:						
Changes in Net Assets	\$ (114,192)	\$ 274,301	\$ 321,561	\$ 1,214	\$ 482,884	\$ 613,050
Adjustments to reconcile net assets to net cash provided/ (used) by operating activities:						
Depreciation and amortization	135,154	-	567,180	-	702,334	698,338
Interfund transfers	(138,468)	66,093	18,000	54,375	-	-
(Gain)/loss on disposition of assets	13,470	-	-	-	13,470	(131,745)
(Increase) decrease in assets:						
Accounts receivable	(8,655)	-	1,368	-	(7,287)	(6,442)
Prepaid expenses	31,850	-	-	-	31,850	(17,323)
Increase (decrease) in liabilities:						
Accounts payable and accrued expenses	(8,357)	-	(5,281)	-	(13,638)	(20,034)
Funds held for others	149	-	-	-	149	95,696
Net Cash Provided/(Used) by Operating Activities	<u>(89,049)</u>	<u>340,394</u>	<u>902,828</u>	<u>55,589</u>	<u>1,209,762</u>	<u>1,231,540</u>
Cash Flows from Investing Activities:						
Purchase of property and equipment	(26,519)	-	-	-	(26,519)	(102,448)
Purchase of real properties	-	-	-	-	-	398,359
Change in cash and stock investments - net	-	-	-	-	-	134,861
Disposal of property and equipment	-	-	-	-	-	(202,331)
Sale of notes receivable	-	-	-	(215,414)	(215,414)	-
Principal received on notes receivable	384,106	23,770	129,221	49,375	586,472	243,778
Net Cash Provided/(Used) by Investing Activities	<u>357,587</u>	<u>23,770</u>	<u>129,221</u>	<u>(166,039)</u>	<u>344,539</u>	<u>472,219</u>
Cash Flows from Financing Activities:						
Notes payable payments	(345,468)	-	(745,485)	-	(1,090,953)	(378,954)
Net Cash Provided/(Used) by Financing Activities	<u>(345,468)</u>	<u>-</u>	<u>(745,485)</u>	<u>-</u>	<u>(1,090,953)</u>	<u>(378,954)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(76,930)	364,164	286,564	(110,450)	463,348	1,324,805
Cash and Cash Equivalents, Beginning of Year	<u>2,285,974</u>	<u>1,995,403</u>	<u>3,445,972</u>	<u>248,569</u>	<u>7,975,918</u>	<u>6,651,113</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,209,044</u>	<u>\$ 2,359,567</u>	<u>\$ 3,732,536</u>	<u>\$ 138,119</u>	<u>\$ 8,439,266</u>	<u>7,975,918</u>

See accompanying notes to financial statements.

**ASSEMBLIES OF GOD
NORTHERN CALIFORNIA AND NEVADA DISTRICT COUNCIL, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(1) ORGANIZATION AND NATURE OF ACTIVITIES

Assemblies of God, Northern California and Nevada District Council, Inc. (the District) is a nonprofit religious corporation. The purpose of the District is to provide support to Assembly churches and members within its geographical boundaries, which include Northern California and Nevada, as defined in the bylaws. Voting membership is comprised of all ordained and licensed ministers in addition to the lay delegates from General Council affiliated Assemblies.

These financial statements include the operations of the District office and the activity of the Home Mission Churches within the District's geographic boundaries. A Home Mission Church is a District Council affiliated church that has not reached sufficient maturity to qualify under the bylaws established for General Council affiliation. The real property and secured debt of the District Council churches are recorded in the District's name or else the District has control of the corporation which holds title to the real property of a District Council church. The operations of the District Council churches are presented in these financial statements. Within the District's geographic boundaries are churches which have qualified under the bylaws established for General Council affiliation and are referred to as General Council churches. These churches are related through affiliation only and the operations of these churches are not presented in these financial statements. The District is affiliated with certain other related corporations. These corporations and their District relationship are as follows:

NAME OF AFFILIATED CORPORATION	DISTRICT'S RELATIONSHIP
American Indian College of the Assemblies of God	Operated under auspices of ten District Councils of the Assemblies of God
Church Extension Plan, Inc.	Owned and operated by fifty-eight District Councils of the Assemblies of God
Mt. Lassen Assemblies of God Conference Grounds, Inc.	Affiliated and under the auspices of the Assemblies of God, Northern California and Nevada District Council, Inc.
San Francisco Rescue Mission	Affiliated and under the auspices of the Assemblies of God, Northern California and Nevada District Council, Inc.
Holy Ghost Service Center	Affiliated and under the auspices of the Assemblies of God, Northern California
7 District Approved Teen Challenge Programs	Affiliated and under the auspices of the Assemblies of God, Northern California

**ASSEMBLIES OF GOD
NORTHERN CALIFORNIA AND NEVADA DISTRICT COUNCIL, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred.

(b) *Basis of Presentation*

The presentation for the statements of financial position, activities and change in net assets, and cash flows follows the recommendations of the Financial Accounting Standards Board for *Financial Statements of Not-for-Profit Organizations*.

The District uses fund accounting to ensure the observance of limitations and restrictions placed on the use of the resources available to the District. Accordingly, resources are classified for accounting purposes into separate funds that are in accordance with specified activities or objectives.

The following Net Assets including the following fund balances:

Undesignated Net Assets – include the Operating, Plant, Retired Officers, and Ministers' Benevolence funds.

Designated Net Assets – consist of Quasi-Endowment funds that have been designated so that the principal of the funds is not expended. Investment income of the funds will be expended to provide monthly assistance for candidate missionaries. While the funds are established for the same purpose as an Endowment Fund, principal of the Quasi-Endowment funds may be expended with approval of the District Presbytery.

Temporarily Restricted Net Assets – include the Home Mission Fund. The Home Mission Fund includes all revenues and expenses and all assets of the Home Mission Churches which are restricted to aid in the establishment of Home Mission Churches.

Permanently Restricted Net Assets – include the Endowment Fund. The Endowment Fund was initiated in 1988 by the sale of property donated to the District with restrictions that allow the use of the income only, with the principal remaining intact. The income from the fund is restricted to the establishment and aid of new churches within the Northern California and Nevada District.

(c) *Cash and Cash Equivalents*

The District considers cash on hand, cash on deposit, and investments with original maturities of ninety days or less at the time of purchase to be cash and cash equivalents.

ASSEMBLIES OF GOD
NORTHERN CALIFORNIA AND NEVADA DISTRICT COUNCIL, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Investments

Investments in money market funds and corporate stocks with readily determinable fair values and all investments in debt securities are recorded at fair value in the statement of financial position. Unrealized gains and losses are recognized in the statement of activities as increases or decreases in unrestricted net assets, unless the gain or loss is temporarily or permanently restricted by donor stipulation or by law.

(e) Notes and Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on the assessment of the current status of receivables. There was no allowance for doubtful accounts at December 31, 2017.

The Organization has related party note receivables as detailed in the Notes Receivable-Related Party Note (3).

(f) Property and equipment

Property and equipment are stated at cost or, if donated, at estimated fair value on the date of the gift. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which are as follows:

Undesignated fund depreciation expense for 2017 is	\$135,154
Home Mission fund depreciation expense for 2017 is	\$567,180

(g) Contributions

Contributions are recognized when the donor makes a promise to give to the District that is, in substance, unconditional. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. The District follows the Not-For-Profit Entities subtopic and Revenue Recognition subtopic of the FASB Accounting Standards Codification with respect to contributions. In accordance with these subtopics, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(h) Income Taxes

The District is a qualified organization exempt from Federal income and California franchise taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code, respectively.

**ASSEMBLIES OF GOD
NORTHERN CALIFORNIA AND NEVADA DISTRICT COUNCIL, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(i) *Donated Goods and Services*

All property and equipment donated to the District are reflected as contributions in the accompanying financial statements based upon their estimated fair market value at the date of receipt. Donated labor and services consisting of volunteer labor hours is not recognized as contribution revenue in the financial statements unless such labor is ordinarily purchased and of a specialized nature. For the year ended December 31, 2017 the District did not recognize volunteer labor hours in the financial statements.

(j) *Comparative Information*

The financial statements include certain prior year summarized 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 District's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

(k) *Reclassifications*

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Certain notes receivable have been reclassified to cash based on the terms of the agreements.

(l) *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**ASSEMBLIES OF GOD
NORTHERN CALIFORNIA AND NEVADA DISTRICT COUNCIL, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(3) NOTES RECEIVABLE – RELATED PARTY

	Unrestricted		Temporarily Restricted	Permanently Restricted	2017 Combined
	Undesignated	Designated	Home Mission	Endowment	
NorCal/Nevada	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
Affiliated Churches	162,910	-	-	858,395	1,021,305
Home Mission/Various	-	871,434	485,372	-	1,356,806
	<u>\$ 202,910</u>	<u>\$ 871,434</u>	<u>\$ 485,372</u>	<u>\$ 858,395</u>	<u>\$ 2,418,111</u>

(4) HOME MISSION CHURCHES REAL PROPERTY

Home Mission Churches real property at December 31, 2017 consist of the following:

	Cost	Fair Market Value	Total
	Land	\$ 3,069,842	2,395,953
Properties	11,495,551	10,182,701	21,678,252
Vehicles	19,000	-	19,000
T. Challenge Properties	1,185,346	-	1,185,346
	<u>15,769,739</u>	<u>12,578,654</u>	<u>28,348,393</u>
Less: Accumulated depreciation			<u>(12,214,600)</u>
Real Properties, net			<u>\$ 16,133,793</u>

(5) PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017 consist of the following:

Buildings and improvements	\$ 3,868,182
Furniture and equipment	1,254,144
Land	794,268
Vehicles	263,399
	<u>6,179,993</u>
Less: Accumulated depreciation	<u>(3,131,393)</u>
Property and equipment, net	<u>\$ 3,048,600</u>

**ASSEMBLIES OF GOD
NORTHERN CALIFORNIA AND NEVADA DISTRICT COUNCIL, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(6) NOTES PAYABLE – (SECURED AND UNSECURED)

Secured notes payable at December 31, 2017 were comprised of:

Home Mission Fund:

Notes secured by real property with combined monthly principal and interest payments of \$65,668 with interest ranging from 3.19% to 7.90 %. Payments on Home Mission Fund secured notes are made by individual churches.

\$ 6,478,903

Operating Fund:

Note secured by real property with monthly payments of \$20,000 with interest at 4.5% at December 31, 2017 subject to adjustment every quarter. Interest only payments with principal due October 2025.

2,232,556

Notes payable secured by automobiles

28,869

Total secured notes payable

\$ 8,740,328

Unsecured notes payable at December 31, 2017 were comprised of:

Plant Fund:

Payable to employees, former employees and affiliated entities at 0% to 2% with interest payable semi-annually, due on demand.

236,633

Total Notes Payable (secured and unsecured)

\$ 8,976,961

Scheduled principal payments on the notes payable are as follows:

	Home Mission Fund	Operating Fund	Plant Fund	Total
2017	\$ 289,904	\$ 96,742	\$ 30,916	\$ 417,562
2018	300,626	101,438	32,819	434,883
2019	319,468	106,363	26,788	452,619
2022	324,474	111,527	27,015	463,016
2021	335,485	116,941	29,006	481,433

**ASSEMBLIES OF GOD
NORTHERN CALIFORNIA AND NEVADA DISTRICT COUNCIL, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

(7) NOTES PAYABLE – RELATED PARTY

	Undesignated	Home Mission	2017 Combined
AGF's	\$ -	\$ 4,395,896	\$ 4,395,896
CEP, Inc.	-	2,083,007	2,083,007
Employees, other related	236,633	-	236,633
	236,633	6,478,903	6,715,536
Unrelated Party	2,261,425	-	2,261,425
Totals	<u>\$ 2,498,058</u>	<u>\$ 6,478,903</u>	<u>\$ 8,976,961</u>

(8) RETIREMENT PLAN

The District has a 403b pension plan adopted through the Ministers Benefit Association (MBA). In 2017 the District made contributions to MBA on behalf of the employees in the amount of \$72,782.

(9) SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through April 12, 2018, which is the date the financial statements were available to be issued.