

**POTOMAC DISTRICT COUNCIL OF
THE ASSEMBLIES OF GOD, INC.
AND AFFILIATES**

Gainesville, Virginia

COMBINED FINANCIAL REPORT

DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Potomac District Council of the Assemblies
of God, Inc. and Affiliates
Gainesville, Virginia

Report on the Financial Statements

We have audited the accompanying combined financial statements of Potomac District Council of the Assemblies of God, Inc. and Affiliates which comprise the combined statements of financial position as of December 31, 2016 and 2015, and the related combined statements of activities and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of 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 auditor's 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 that 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 above present fairly, in all material respects, the financial position of Potomac District Council of the Assemblies of God, Inc. and Affiliates as of December 31, 2016 and 2015, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
March 20, 2017

POTOMAC DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC. AND AFFILIATES

Combined Statement of Financial Position

December 31, 2016

	Potomac District Council of the Assemblies of God, Inc.									
Assets	District Operating Fund	Ministry Endowment Fund	Church Loan Fund	Potomac Camping Ministries	Subtotal	Pine Creek Camp	Potomac Park Camp	Subtotal	Eliminations	Total
Cash and cash equivalents	\$ 394,076	\$ 542,802	\$ 221,920	\$ 94,960	\$ 1,253,758	\$ 158,658	\$ 66,150	\$ 1,478,566	\$ --	\$ 1,478,566
Accounts receivable and other assets	59,876	995,160	--	100,000	1,155,036	--	8,815	1,163,851	(1,118,093)	45,758
Investments	905,119	1,908,552	305,685	--	3,119,356	--	--	3,119,356	--	3,119,356
Church Loan Fund 1997										
Series A Certificates	1,555,992	--	--	--	1,555,992	--	--	1,555,992	(1,555,992)	--
Loans receivable, net	27,060	235,983	2,388,174	3,700,000	6,351,217	--	--	6,351,217	(536,296)	5,814,921
Property and equipment, net	2,274,896	--	--	--	2,274,896	4,523,589	910,442	7,708,927	--	7,708,927
Church property for sale	--	--	809,081	--	809,081	--	--	809,081	--	809,081
Total assets	<u>\$ 5,217,019</u>	<u>\$ 3,682,497</u>	<u>\$ 3,724,860</u>	<u>\$ 3,894,960</u>	<u>\$ 16,519,336</u>	<u>\$ 4,682,247</u>	<u>\$ 985,407</u>	<u>\$ 22,186,990</u>	<u>\$ (3,210,381)</u>	<u>\$ 18,976,609</u>
Liabilities and Net Assets										
Liabilities										
Accounts payable and other liabilities	\$ 199,134	\$ --	\$ 4,237	\$ --	\$ 203,371	\$ 26,648	\$ 18,866	\$ 248,885	\$ --	\$ 248,885
Due to District Operating Fund	--	--	1,598,783	--	1,598,783	--	142	1,598,925	(1,598,925)	--
Due to Church Loan Fund	--	--	--	--	--	86,064	450,232	536,296	(536,296)	--
Due to Ministry Endowment Fund	700,935	--	169,593	--	870,528	104,632	--	975,160	(975,160)	--
Due to Potomac Camping Ministries	100,000	--	--	--	100,000	--	--	100,000	(100,000)	--
Long-term debt and accrued interest	15,201	--	--	42,500	57,701	--	--	57,701	--	57,701
Total liabilities	<u>\$ 1,015,270</u>	<u>\$ --</u>	<u>\$ 1,772,613</u>	<u>\$ 42,500</u>	<u>\$ 2,830,383</u>	<u>\$ 217,344</u>	<u>\$ 469,240</u>	<u>\$ 3,516,967</u>	<u>\$ (3,210,381)</u>	<u>\$ 306,586</u>
Net Assets										
Unrestricted	\$ 1,926,853	\$ 3,682,497	\$ 1,952,247	\$ 3,852,460	\$ 11,414,057	\$ (58,686)	\$ (394,275)	\$ 10,961,096	\$ --	\$ 10,961,096
Net investment in property and equipment	2,274,896	--	--	--	2,274,896	4,523,589	910,442	7,708,927	--	7,708,927
Total net assets	<u>\$ 4,201,749</u>	<u>\$ 3,682,497</u>	<u>\$ 1,952,247</u>	<u>\$ 3,852,460</u>	<u>\$ 13,688,953</u>	<u>\$ 4,464,903</u>	<u>\$ 516,167</u>	<u>\$ 18,670,023</u>	<u>\$ --</u>	<u>\$ 18,670,023</u>
	<u>\$ 5,217,019</u>	<u>\$ 3,682,497</u>	<u>\$ 3,724,860</u>	<u>\$ 3,894,960</u>	<u>\$ 16,519,336</u>	<u>\$ 4,682,247</u>	<u>\$ 985,407</u>	<u>\$ 22,186,990</u>	<u>\$ (3,210,381)</u>	<u>\$ 18,976,609</u>

See Notes to Combined Financial Statements.

POTOMAC DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC. AND AFFILIATES

Combined Statement of Financial Position

December 31, 2015

Potomac District Council of the Assemblies of God, Inc.										
Assets	District Operating Fund	Ministry Endowment Fund	Church Loan Fund	Potomac Camping Ministries	Subtotal	Pine Creek Camp	Potomac Park Camp	Subtotal	Eliminations	Total
Cash and cash equivalents	\$ 489,814	\$ 41,224	\$ 189,986	\$ 68,410	\$ 789,434	\$ 132,066	\$ 53,851	\$ 975,351	\$ --	\$ 975,351
Accounts receivable and other assets	65,827	1,612,333	7,016	107,074	1,792,250	--	8,816	1,801,066	(1,742,867)	58,199
Investments	830,053	1,975,219	--	--	2,805,272	--	--	2,805,272	--	2,805,272
Church Loan Fund 1997										
Series A Certificates	1,555,992	--	--	--	1,555,992	--	--	1,555,992	(1,555,992)	--
Loans receivable, net	37,312	235,983	3,198,793	3,700,000	7,172,088	--	--	7,172,088	(536,295)	6,635,793
Property and equipment, net	2,329,559	--	--	--	2,329,559	4,645,701	944,695	7,919,955	--	7,919,955
Total assets	<u>\$ 5,308,557</u>	<u>\$ 3,864,759</u>	<u>\$ 3,395,795</u>	<u>\$ 3,875,484</u>	<u>\$ 16,444,595</u>	<u>\$ 4,777,767</u>	<u>\$ 1,007,362</u>	<u>\$ 22,229,724</u>	<u>\$ (3,835,154)</u>	<u>\$ 18,394,570</u>
Liabilities and Net Assets										
Liabilities										
Accounts payable and other liabilities	\$ 167,502	\$ 23,311	\$ 54,724	\$ --	\$ 245,537	\$ 26,648	\$ 5,520	\$ 277,705	\$ --	\$ 277,705
Deferred income	19,431	--	--	--	19,431	--	--	19,431	--	19,431
Due to District Operating Fund	--	--	1,606,527	--	1,606,527	--	--	1,606,527	(1,606,527)	--
Due to Church Loan Fund	--	--	--	--	--	86,064	450,232	536,296	(536,296)	--
Due to Ministry Endowment Fund	818,108	--	669,593	--	1,487,701	104,630	--	1,592,331	(1,592,331)	--
Due to Potomac Camping Ministries	100,000	--	--	--	100,000	--	--	100,000	(100,000)	--
Long-term debt and accrued interest	--	--	--	57,500	57,500	--	12,040	69,540	--	69,540
Total liabilities	<u>\$ 1,105,041</u>	<u>\$ 23,311</u>	<u>\$ 2,330,844</u>	<u>\$ 57,500</u>	<u>\$ 3,516,696</u>	<u>\$ 217,342</u>	<u>\$ 467,792</u>	<u>\$ 4,201,830</u>	<u>\$ (3,835,154)</u>	<u>\$ 366,676</u>
Net Assets										
Unrestricted	\$ 1,873,957	\$ 3,841,448	\$ 1,064,951	\$ 3,817,984	\$ 10,598,340	\$ (85,276)	\$ (405,125)	\$ 10,107,939	\$ --	\$ 10,107,939
Net investment in property and equipment	2,329,559	--	--	--	2,329,559	4,645,701	944,695	7,919,955	--	7,919,955
Total net assets	<u>\$ 4,203,516</u>	<u>\$ 3,841,448</u>	<u>\$ 1,064,951</u>	<u>\$ 3,817,984</u>	<u>\$ 12,927,899</u>	<u>\$ 4,560,425</u>	<u>\$ 539,570</u>	<u>\$ 18,027,894</u>	<u>\$ --</u>	<u>\$ 18,027,894</u>
	<u>\$ 5,308,557</u>	<u>\$ 3,864,759</u>	<u>\$ 3,395,795</u>	<u>\$ 3,875,484</u>	<u>\$ 16,444,595</u>	<u>\$ 4,777,767</u>	<u>\$ 1,007,362</u>	<u>\$ 22,229,724</u>	<u>\$ (3,835,154)</u>	<u>\$ 18,394,570</u>

See Notes to Combined Financial Statements.

POTOMAC DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC. AND AFFILIATES

Combined Statement of Activities
For the Year Ended December 31, 2016

Unrestricted Net Assets:	Potomac District Council of the Assemblies of God, Inc.									
	District	Ministry	Church	Potomac		Pine	Potomac			
	Operating	Endowment	Loan	Camping	Subtotal	Creek	Park	Subtotal	Eliminations	Total
Fund	Fund	Fund	Ministries		Camp	Camp				
Support and Revenue:										
Contributions	\$ 3,176,830	\$ --	\$ --	\$ --	\$ 3,176,830	\$ 120,378	\$ 155,974	\$ 3,453,182	\$ (298,152)	\$ 3,155,030
Camp and retreats	--	--	--	--	--	729,750	698,615	1,428,365	--	1,428,365
Activities and events	1,033,711	--	--	--	1,033,711	--	--	1,033,711	(417,392)	616,319
Investment income	162,857	202,070	174,407	166,581	705,915	--	--	705,915	(189,626)	516,289
Gain on property transactions	--	200,412	863,806	--	1,064,218	--	--	1,064,218	--	1,064,218
Other	14,818	35	--	--	14,853	89	8,844	23,786	--	23,786
Total support and revenue	<u>\$ 4,388,216</u>	<u>\$ 402,517</u>	<u>\$ 1,038,213</u>	<u>\$ 166,581</u>	<u>\$ 5,995,527</u>	<u>\$ 850,217</u>	<u>\$ 863,433</u>	<u>\$ 7,709,177</u>	<u>\$ (905,170)</u>	<u>\$ 6,804,007</u>
Expenses										
Program expenses:										
Potomac District Council	\$ 1,915,936	\$ --	\$ --	\$ --	\$ 1,915,936	\$ --	\$ --	\$ 1,915,936	\$ (260,200)	\$ 1,655,736
Special Assistance	134,690	--	--	--	134,690	--	--	134,690	(11,231)	123,459
Church Development	155,773	--	--	--	155,773	--	--	155,773	--	155,773
Church Health and Revitalization	6,148	--	--	--	6,148	--	--	6,148	--	6,148
Christian Education	244,005	--	--	--	244,005	--	--	244,005	(145,541)	98,464
Youth Ministries	577,994	--	--	--	577,994	--	--	577,994	(122,781)	455,213
Women's Ministries	186,643	--	--	--	186,643	--	--	186,643	(44,532)	142,111
Men's Ministries	186,020	--	--	--	186,020	--	--	186,020	--	186,020
World Missions	23,987	--	--	--	23,987	--	--	23,987	--	23,987
Bereavement Assistance	192,000	--	--	--	192,000	--	--	192,000	--	192,000
C32	204,026	--	--	--	204,026	--	--	204,026	--	204,026
Ministry Endowment Fund	--	324,859	--	--	324,859	--	--	324,859	(85,000)	239,859
Church Loan Fund	--	--	144,917	--	144,917	--	--	144,917	(114,879)	30,038
Potomac Camping Ministries	--	--	--	109,444	109,444	--	--	109,444	(74,052)	35,392
Pine Creek Camp operations	--	--	--	--	--	945,739	--	945,739	(5,609)	940,130
Potomac Park Camp operations	--	--	--	--	--	--	903,792	903,792	(41,345)	862,447
Total program expenses	<u>\$ 3,827,222</u>	<u>\$ 324,859</u>	<u>\$ 144,917</u>	<u>\$ 109,444</u>	<u>\$ 4,406,442</u>	<u>\$ 945,739</u>	<u>\$ 903,792</u>	<u>\$ 6,255,973</u>	<u>\$ (905,170)</u>	<u>\$ 5,350,803</u>
General and administrative	<u>\$ 800,414</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,661</u>	<u>\$ 811,075</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 811,075</u>	<u>\$ --</u>	<u>\$ 811,075</u>
Total expenses	<u>\$ 4,627,636</u>	<u>\$ 324,859</u>	<u>\$ 144,917</u>	<u>\$ 120,105</u>	<u>\$ 5,217,517</u>	<u>\$ 945,739</u>	<u>\$ 903,792</u>	<u>\$ 7,067,048</u>	<u>\$ (905,170)</u>	<u>\$ 6,161,878</u>

See Notes to Combined Financial Statements.

POTOMAC DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC. AND AFFILIATES

Combined Statement of Activities (continued)

For the Year Ended December 31, 2016

	Potomac District Council of the Assemblies of God, Inc.					Pine	Potomac			
	District	Ministry	Church	Potomac		Creek	Park			
	Operating	Endowment	Loan	Camping		Camp	Camp	Subtotal	Eliminations	Total
	Fund	Fund	Fund	Ministries	Subtotal	Camp	Camp			
Change in unrestricted net assets	\$ (239,420)	\$ 77,658	\$ 893,296	\$ 46,476	\$ 778,010	\$ (95,522)	\$ (40,359)	\$ 642,129	\$ --	\$ 642,129
Net assets, beginning of year	\$ 4,203,516	\$ 3,841,448	\$ 1,064,951	\$ 3,817,984	\$ 12,927,899	\$ 4,560,425	\$ 539,570	\$ 18,027,894	\$ --	\$ 18,027,894
Transfers for program expenses	<u>237,653</u>	<u>(236,609)</u>	<u>(6,000)</u>	<u>(12,000)</u>	<u>(16,956)</u>	<u>--</u>	<u>16,956</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net assets, end of year	<u>\$ 4,201,749</u>	<u>\$ 3,682,497</u>	<u>\$ 1,952,247</u>	<u>\$ 3,852,460</u>	<u>\$ 13,688,953</u>	<u>\$ 4,464,903</u>	<u>\$ 516,167</u>	<u>\$ 18,670,023</u>	<u>\$ --</u>	<u>\$ 18,670,023</u>

See Notes to Combined Financial Statements.

POTOMAC DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC. AND AFFILIATES

Combined Statement of Activities
For the Year Ended December 31, 2015

Unrestricted Net Assets:	Potomac District Council of the Assemblies of God, Inc.									
	District	Ministry	Church	Potomac		Pine	Potomac			
	Operating	Endowment	Loan	Camping	Subtotal	Creek	Park	Subtotal	Eliminations	Total
	Fund	Fund	Fund	Ministries		Camp	Camp			
Support and Revenue:										
Contributions	\$ 3,088,807	\$ 2,550	\$ --	\$ 1,083	\$ 3,092,440	\$ 286,086	\$ 174,393	\$ 3,552,919	\$ (415,887)	\$ 3,137,032
Camp and retreats	--	--	--	--	--	529,023	621,362	1,150,385	--	1,150,385
Activities and events	1,152,218	--	--	--	1,152,218	--	--	1,152,218	(317,855)	834,363
Investment income	88,722	95,025	183,867	166,767	534,381	--	--	534,381	(206,477)	327,904
Gain on property transactions	--	--	83,889	--	83,889	--	--	83,889	--	83,889
Other	11,077	--	--	--	11,077	--	13,609	24,686	--	24,686
Total support and revenue	\$ 4,340,824	\$ 97,575	\$ 267,756	\$ 167,850	\$ 4,874,005	\$ 815,109	\$ 809,364	\$ 6,498,478	\$ (940,219)	\$ 5,558,259
Expenses										
Program expenses:										
Potomac District Council	\$ 1,769,674	\$ --	\$ --	\$ --	\$ 1,769,674	\$ --	\$ --	\$ 1,769,674	\$ (198,978)	\$ 1,570,696
Special Assistance	127,243	--	--	--	127,243	--	--	127,243	(8,141)	119,102
Church Development	218,775	--	--	--	218,775	--	--	218,775	--	218,775
Church Health and Revitalization	3,849	--	--	--	3,849	--	--	3,849	--	3,849
Christian Education	277,573	--	--	--	277,573	--	--	277,573	(151,028)	126,545
Youth Ministries	569,985	--	--	--	569,985	--	--	569,985	(114,458)	455,527
Women's Ministries	175,504	--	--	--	175,504	--	--	175,504	(43,393)	132,111
Men's Ministries	274,255	--	--	--	274,255	--	--	274,255	--	274,255
World Missions	35,511	--	--	--	35,511	--	--	35,511	--	35,511
Music	969	--	--	--	969	--	--	969	--	969
Bereavement Assistance	190,000	--	--	--	190,000	--	--	190,000	--	190,000
Ministry Endowment Fund	--	190,958	--	--	190,958	--	--	190,958	--	190,958
Church Loan Fund	--	--	160,694	--	160,694	--	--	160,694	(123,781)	36,913
Potomac Camping Ministries	--	--	--	287,659	287,659	--	--	287,659	(263,040)	24,619
Pine Creek Camp operations	--	--	--	--	--	816,987	--	816,987	(10,620)	806,367
Potomac Park Camp operations	--	--	--	--	--	--	747,026	747,026	(26,780)	720,246
Total program expenses	\$ 3,643,338	\$ 190,958	\$ 160,694	\$ 287,659	\$ 4,282,649	\$ 816,987	\$ 747,026	\$ 5,846,662	\$ (940,219)	\$ 4,906,443
General and administrative	\$ 720,011	\$ --	\$ --	\$ 1,146	\$ 721,157	\$ --	\$ --	\$ 721,157	\$ --	\$ 721,157
Total expenses	\$ 4,363,349	\$ 190,958	\$ 160,694	\$ 288,805	\$ 5,003,806	\$ 816,987	\$ 747,026	\$ 6,567,819	\$ (940,219)	\$ 5,627,600

See Notes to Combined Financial Statements.

POTOMAC DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC. AND AFFILIATES

Combined Statement of Activities (continued)

For the Year Ended December 31, 2015

	<u>Potomac District Council of the Assemblies of God, Inc.</u>					<u>Pine</u>	<u>Potomac</u>			
	<u>District</u>	<u>Ministry</u>	<u>Church</u>	<u>Potomac</u>		<u>Creek</u>	<u>Park</u>			
	<u>Operating</u>	<u>Endowment</u>	<u>Loan</u>	<u>Camping</u>		<u>Camp</u>	<u>Camp</u>	<u>Subtotal</u>	<u>Eliminations</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Ministries</u>	<u>Subtotal</u>	<u>Camp</u>	<u>Camp</u>			
Change in unrestricted net assets	\$ (22,525)	\$ (93,383)	\$ 107,062	\$ (120,955)	\$ (129,801)	\$ (1,878)	\$ 62,338	\$ (69,341)	\$ --	\$ (69,341)
Net assets, beginning of year	\$ 4,127,048	\$ 4,041,831	\$ 963,889	\$ 3,950,939	\$ 13,083,707	\$ 4,562,303	\$ 451,225	\$ 18,097,235	\$ --	\$ 18,097,235
Transfers for program expenses	98,993	(107,000)	(6,000)	(12,000)	(26,007)	--	26,007	--	--	--
Net assets, end of year	<u>\$ 4,203,516</u>	<u>\$ 3,841,448</u>	<u>\$ 1,064,951</u>	<u>\$ 3,817,984</u>	<u>\$ 12,927,899</u>	<u>\$ 4,560,425</u>	<u>\$ 539,570</u>	<u>\$ 18,027,894</u>	<u>\$ --</u>	<u>\$ 18,027,894</u>

See Notes to Combined Financial Statements.

POTOMAC DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC. AND AFFILIATES

Combined Statements of Cash Flows

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Reconciliation of Change in Net Assets to Net Cash		
Provided by Operating Activities		
Change in net assets	\$ 642,129	\$ (69,341)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	30,000	36,806
Depreciation and amortization	431,903	416,202
Realized and unrealized (gain) loss on investments	(197,198)	3,169
(Gain) on disposal of property and equipment	--	(1,333)
Transfer of property	255,137	--
(Gain) on property transaction	(1,064,218)	--
Changes in assets and liabilities affecting operations:		
Decrease in accounts receivable and other assets	12,441	12,019
(Decrease) increase in accounts payable and other liabilities	(28,820)	24,299
(Decrease) increase in deferred income	(19,431)	19,431
Net cash provided by operating activities	<u>\$ 61,943</u>	<u>\$ 441,252</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	\$ 483,114	\$ 1,255,756
Purchases of investments	(600,000)	(1,250,656)
Disbursements of loans receivable to churches and individuals	(18,200)	(804,940)
Collections on loans receivable	809,072	297,167
Proceeds from sale of property and equipment	--	2,150
Purchase of property and equipment	(220,875)	(234,529)
Net cash provided by (used in) investing activities	<u>\$ 453,111</u>	<u>\$ (735,052)</u>
Cash Flows from Financing Activities,		
repayments of long-term borrowings	<u>\$ (11,839)</u>	<u>\$ (18,936)</u>
Net change in cash and cash equivalents	\$ 503,215	\$ (312,736)
Cash and cash equivalents, beginning of year	<u>975,351</u>	<u>1,288,087</u>
Cash and equivalents, end of year	<u>\$ 1,478,566</u>	<u>\$ 975,351</u>

See Notes to Combined Financial Statements.

**POTOMAC DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC.
AND AFFILIATES**

Notes to Combined Financial Statements

Note 1. Nature of Operations

Potomac District Council of the Assemblies of God, Inc. (the “District”), located in Gainesville, Virginia, is a not-for-profit organization established as the administrative office for Assemblies of God churches located in the District of Columbia, Maryland, and certain regions of Virginia, West Virginia, and Pennsylvania, which constitute the Potomac District. The District provides administration, program and ministry support, and financing to these churches and their clergy.

Potomac Park Camp Grounds, Inc. (“Potomac Park Camp”), a West Virginia not-for-profit, non-stock corporation incorporated in 1945, is located in Falling Waters, West Virginia.

God’s Glory Land, Inc. (“Pine Creek Camp”), a Virginia not-for-profit, non-stock corporation, is located in Gore, Virginia. During 2004, the Board of Pine Creek Camp transferred control of ownership to the District by electing officers and/or directors of District as the only remaining members of the Board of Directors of Pine Creek Camp.

Note 2. Significant Accounting Policies and Revenue Recognition

The combined financial statements have been prepared on the accrual basis of accounting. The accompanying combined financial statements include the accounts of the District, Potomac Park Camp and Pine Creek Camp (together, the “Council”). The District, Potomac Park Camp and Pine Creek Camp are governed by the Board of Directors and management of the District oversees the Camps’ operations. All material inter-company transactions and balances have been eliminated in combination.

In conformity with non-profit standards, the Council reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted; however, as permitted under accounting standards, the District continues its use of fund accounting. As of December 31, 2016 and 2015, the Council had no temporarily or permanently restricted net assets.

The funds of the District are established as follows:

District Operating Fund – represents the resources that are available for support of District operations including administration, program and ministry support for its member churches and their clergy.

Ministry Endowment Fund – represents resources that are available for support of world missionaries, home missions, the Potomac Park Camp, Pine Creek Camp and other purposes as designated by the Board of Directors.

Church Loan Fund – represents resources associated with loans receivable from member churches and a certificate payable to the Potomac District Council.

Notes to Combined Financial Statements

Potomac Camping Ministries – represents resources that are available for support of Pine Creek Camp and Potomac Park Camp.

Use of Estimates – The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments – Investments consist of cash equivalents and marketable securities, which are recorded at fair market value. Investment return consists of changes in unrealized gains and losses, realized gains and losses, and interest and dividend income.

Prior to the establishment of the Church Loan Fund, the Council did not require that loans be collateralized; however, the by-laws of member churches provided that all remaining assets revert to the Council upon cessation of church operations. Since the establishment of the Church Loan Fund in 1998, new loans are collateralized with appropriate deeds of trust and other security agreements. See “Church Loan Fund.”

Impairment of a Loan – A loan is impaired when it is probable that the Council will be unable to collect all amounts due according to the contractual terms of the loan agreement, including contractual interest payments. Impairment is measured as the difference between the recorded investment in the loan and the present value of expected future cash flows discounted at the loan’s effective interest rate of the loan’s observable market price. If repayment of the loan is expected to be provided by the underlying collateral, impairment is based on the fair value of the collateral. Impairments are charged to the provision for loan losses.

Allowance for Loan Losses – Management determines an allowance adequate to absorb probable losses on loans. The adequacy of the allowance is based upon a general allowance of one percent of total loans, specific allowances on impaired loans based upon the estimated value of any real property related to the loans or present value of future cash flows expected, and other pertinent factors. Loans deemed uncollectible are charged to the allowance. The factors utilized by management in determining the adequacy of the allowance include, but are not limited to, the following: financial condition of the borrowers, the values of any underlying collateral, evaluation of the loan in conjunction with historical loss experience and current and projected economic conditions.

Property Held for Sale – The by-laws of member churches require that, if a member church ceases to exist, all remaining net assets shall be transferred to the Council. The property received by the Council is recorded as a contribution at its fair market value, less estimated costs to sell. Properties are reviewed annually for impairment and carrying amounts are adjusted for subsequent changes in fair value. Gains or losses on sales of these properties are recognized based on the excess or deficiency of sale proceeds over the Council’s basis in the property and are recorded as revenue within the District. For the year ended December 31, 2016, property held for sale was \$809,081.

Property and Equipment – Property and equipment are recorded at cost and depreciated over their estimated useful lives of 5 to 40 years using the straight-line method.

Notes to Combined Financial Statements

Church Loan Fund – The District utilized a portion of the net assets in the prior Revolving Fund to purchase a certificate payable in the Church Loan Fund in the amount of \$1,555,992. In addition, 80 percent of the increase in support and revenue over expenses of the Church Loan Fund may be transferred annually to the District Operating Fund, at the discretion of the Board of Directors and management.

Contributions – The Council records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All restricted contributions received by the Council which are used for their restricted purpose in the year received, are presented in the combined statements of activities as unrestricted net assets. There were no temporarily or permanently restricted contributions received during the years ended December 31, 2016 and 2015, respectively.

Interest Income on Loans – Interest on loans is accrued and credited to income based on the principal amount outstanding. The accrual of interest on loans is discontinued when, in the opinion of management, there is an indication that the borrower may be unable to meet payments as they become due. At December 31, 2016 and 2015, three loans were on non-accrual status.

Income Taxes – The District, Pine Creek Camp and Potomac Park Camp are classified for federal income tax purposes as Section 501(c)(3) organizations exempt from income taxes as provided under Section 501(a) of the Internal Revenue Code.

Fair Value of Financial Instruments – Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under the standards are described as follows:

Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Notes to Combined Financial Statements

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

For the years ended December 31, 2016 and 2015, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Equities - The fair value of equities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

The carrying amounts of the Council's financial instruments not described above arise in the ordinary course of business and approximate 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 fair values. Furthermore, although the Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 3. Investments

Investments are comprised of the following at December 31, 2016 and 2015:

	2016		
	Cost	Market Value	Unrealized (Depreciation)
Cash equivalents	\$ 1,916,140	\$ 1,916,140	\$ --
Equities	<u>1,286,882</u>	<u>1,203,216</u>	<u>(83,666)</u>
	<u>\$ 3,203,022</u>	<u>\$ 3,119,356</u>	<u>\$ (83,666)</u>
	2015		
	Cost	Market Value	Unrealized (Depreciation)
Cash equivalents	\$ 1,740,609	\$ 1,740,609	\$ --
Equities	<u>1,251,553</u>	<u>1,064,663</u>	<u>(186,890)</u>
	<u>\$ 2,992,162</u>	<u>\$ 2,805,272</u>	<u>\$ (186,890)</u>

Notes to Combined Financial Statements

Note 4. Loans Receivable

Loans receivable consisted of the following at December 31, 2016 and 2015:

	2016	2015
District Operating Fund		
Non-interest bearing loans to churches for acquisition and construction purposes. One loan in the original amount of \$84,000 is collateralized by a deed of trust on the underlying property; terms of the loans range up to 30 years.	\$ 27,060	\$ 37,312
Ministry Endowment Fund		
Unsecured Housing Fund loans to the Council officials; three outstanding; due 90 days after termination of employment; interest at 5% payable annually.	\$ 176,902	\$ 176,902
Mt. Jackson, Virginia, property from a closed church held for sale, secured by the church's property.	84,081	84,081
Total Ministry Endowment Fund	\$ 260,983	\$ 260,983
Potomac Camping Ministries		
Loan to Fay Properties, LLC with an original amount of \$3,700,000, secured by multiple properties, and amortized over ten years, with an interest rate of 4.5% for the first five years and then increases to 5.5% for the next five years. Monthly payments are interest only payments of \$13,875 for the first five years and then \$16,958 for the next five years and a balloon payment of principal and any accumulated interest on October 1, 2024.	\$ 3,700,000	\$ 3,700,000
Church Loan Fund		
Unsecured and secured Church Loan Fund loans to churches for construction and mortgage purposes; approximately 25 loans outstanding; interest rates range from 2% to 9% annually; terms of the notes range up to 30 years.	\$ 2,548,174	\$ 3,358,793
Less elimination	(536,296)	(536,295)
Total Church Loan Fund	\$ 2,011,878	\$ 2,822,498
Less: Allowance for loan loss	\$ (185,000)	\$ (185,000)
	\$ 5,814,921	\$ 6,635,793

The Council considers all loans substantially collectible. There have been no significant losses on these loans in the past and, in the opinion of the Council's management, current estimated market values of the church properties exceed the loans balances. The allowance for loan losses totaled \$185,000 at December 31, 2016 and 2015, respectively.

Notes to Combined Financial Statements

Note 5. Retirement Benefits

The Council provides several retirement benefit plans. A 403(b) tax-deferred annuity plan is available to all full-time administrative employees after six months of service. The Council contributes 5% of participating employees' annual compensation. Participating employees may make discretionary contributions. For both years ended December 31, 2016 and 2015, the Council made contributions to the plan totaling \$15,084.

The Council also participates in the Minister's Benefit Association Plan (the "MBA Plan") established by the General Council of the Assemblies of God. The MBA Plan is a 403(b) tax-deferred annuity plan. All full-time ministers are eligible regardless of length of service. Contributions made by the Council and interest earnings thereon are tax-deferred and may not be withdrawn until retirement or permanent disability. For the years ended December 31, 2016 and 2015, the District made contributions totaling \$52,353 and \$45,920, respectively, to the MBA Plan. Potomac Park Camp made contributions to the MBA plan for the years ended December 31, 2016 and 2015 totaling \$17,307 and \$0, respectively. Pine Creek Camp did not make any contributions to the MBA Plan for the years ended December 31, 2016 and 2015.

Effective March 4, 1998, the Council established a Flexible Benefits Plan, qualified as a cafeteria plan under Section 125 of the Internal Revenue Code. In conjunction with the Flexible Benefits Plan, the Council also established a Medical Reimbursement Plan, whereby participants may set aside a portion of their compensation to the plan. Employees who have completed six months of service and whose customary employment is at least thirty hours per week are eligible to participate in the plans.

Note 6. Property and Equipment

Property and equipment consisted of the following at December 31, 2016 and 2015:

	2016		
	Potomac District Council of the Assemblies of God, Inc.	Pine Creek Camp	Potomac Park Camp
Land	\$ 822,400	\$ 688,000	\$ 147,670
Buildings and improvements	2,564,544	5,595,419	2,859,159
Furniture and equipment	443,568	294,718	533,728
Sewage system	--	--	167,868
	\$ 3,830,512	\$ 6,578,137	\$ 3,708,425
Less accumulated depreciation	(1,555,616)	(2,054,548)	(2,797,983)
	\$ 2,274,896	\$ 4,523,589	\$ 910,442

Notes to Combined Financial Statements

	2015		
	Potomac District Council of the Assemblies of God, Inc.	Pine Creek Camp	Potomac Park Camp
	Land	\$ 822,400	\$ 688,000
Buildings and improvements	2,539,624	5,491,504	2,817,390
Furniture and equipment	396,483	316,514	519,615
Construction in progress	--	--	20,000
Sewage system	--	--	167,868
	\$ 3,758,507	\$ 6,496,018	\$ 3,672,543
Less accumulated depreciation	(1,428,948)	(1,850,317)	(2,727,848)
	\$ 2,329,559	\$ 4,645,701	\$ 944,695

For the year ended December 31, 2016, depreciation and amortization for the District, Pine Creek Camp and Potomac Park Camp totaled \$126,668, \$235,100 and \$70,135, respectively. For the year ended December 31, 2015, depreciation and amortization for the District, Pine Creek Camp and Potomac Park Camp totaled \$122,094, \$227,797 and \$66,311, respectively.

Note 7. 1997 Series A Certificates

The District purchased a 1997 Series A Certificate from the Church Loan Fund in the amount of \$1,555,992. The certificate has a term of three years and bears interest annually at a rate of 5.5%. The amount has been eliminated in combination.

Note 8. Long-Term Debt and Accrued Interest

Long-term debt consisted of the following at December 31, 2016 and 2015:

	2016	2015
Potomac Park Camp		
Unsecured \$22,500 note with an individual, 4% interest rate, principal and interest of \$375 due monthly. Note was paid off during 2016.	\$ --	\$ 12,040
Potomac Camping Ministries		
\$75,000 note payable with Link Realty Services, no interest, \$1,250 due monthly, matures September 2019.	\$ 42,500	\$ 57,500
District Operating Fund		
\$16,752 automobile note payable with Nissan dealership, 3.37% interest, \$304 due monthly, matures June 2021.	\$ 15,201	\$ --
	\$ 57,701	\$ 69,540

Notes to Combined Financial Statements

Aggregate maturities required on long-term debt at December 31, 2016 are due in future years as follows: 2017, \$18,182; 2018, \$18,291; 2019, \$15,903; 2020, \$3,520, and 2021 \$1,805.

During 2001, the District sold its property in Virginia Beach and established the Ministry Endowment Fund with the proceeds. The Ministry Endowment Fund subsequently lent money to the District Operating Fund to finance the completion of a new district office building. At December 31, 2016 and 2015, the loan totaled \$667,218 and \$770,272, respectively. This amount has been eliminated in combination.

Note 9. Contingencies

The Council guarantees various loans of certain affiliated churches with maturity dates ranging from 2018 to 2035. The Council determined the original amount of these loans to be approximately \$3,768,000, with balances outstanding as of December 31, 2016, of approximately \$3,630,169. The loans are collateralized by property with estimated values of approximately \$11,543,000, and the Council does not expect to incur any material losses under these guarantees. As of December 31, 2016 and 2015, no liability has been recorded for these obligations.

The Council has a bereavement fund for the benefit of ministers' families. The Council transfers funds into this fund monthly to cover future expenses, but no liability has been recorded for the future payments from this fund because the Council has no contractual obligation with the ministers and no legal obligation to continue this benefit.

Note 10. Due to Church Loan Fund

Amounts due to the Church Loan Fund from Potomac Park Camp and from Pine Creek Camp totaled the following and are eliminated in combination:

	2016	2015
Due to Church Loan Fund		
Unsecured loan receivable from Potomac Park Camp in the original amount of \$170,000. Additional advances were made during 2014 totaling \$280,232. The loans bear interest at a rate of 5% and due upon demand.	\$ 450,232	\$ 450,232
Construction loan receivable from Pine Creek Camp in the amount of \$850,000 to be used for preparing the camp for use. The loan bears interest at a rate of 5.5% and payments of interest only are due until the construction is complete and the loan converts to permanent financing.	86,064	86,064
	\$ 536,296	\$ 536,296

Notes to Combined Financial Statements

Note 11. Related Parties

The Council provides housing loan funds to various officers and directors with outstanding balances at December 31, 2016 and 2015, totaling \$176,902. The terms of these loans are described in Note 4.

Note 12. Concentrations of Credit Risk

Financial instruments which potentially subject the Council to concentrations of credit risk consist primarily of cash, investments and loans receivable.

The District maintains cash at several financial institutions which, at times may exceed federally insured limits. The District has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash. The District evaluates the soundness of each financial institution in consideration of the overall risk of its cash balances. The Federal Deposit Insurance Corporation ("FDIC") insures cash balances up to \$250,000 at each institution and certain investment accounts are insured up to \$500,000 under the Securities Investor Protection Corporation ("SIPC").

Loans receivable are with churches located within the District's jurisdiction, primarily in Virginia, Maryland and West Virginia. The by-laws of member churches provide that all remaining assets revert to the District upon cessation of church operations. The overall risk associated with these loans is lessened due to the fact that in most instances, the value of the remaining assets is expected to exceed the related loan balances.

Note 13. Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results on the Statements of Activities. During the year ending December 31, 2016, it was concluded that it was appropriate to classify funds held in trust as accounts payable and other liabilities. Accordingly, the Council has revised the classification to report these liabilities on the Combined Statement of Financial Position for the years ending December 31, 2016 and 2015. Corresponding adjustments have also been made to the Combined Statement of Cash Flows for years ending December 31, 2016 and 2015. This change in classification does not affect previously reported cash flows from operations, investing, or financing activities on the Combined Statement of Cash Flows.

For the year ending December 31, 2015, \$30,103 of accounts payable and other liabilities was previously classified as funds held in trust.

Notes to Combined Financial Statements

Note 14. Fair Value of Financial Measurements

The following table presents the balance of financial assets measured at fair value on a recurring basis as of December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash equivalents	\$ 1,916,140	\$ --	\$ --
Equities	<u>1,203,216</u>	<u>--</u>	<u>--</u>
	<u>\$ 3,119,356</u>	<u>\$ --</u>	<u>\$ --</u>

The following table presents the balance of financial assets measured at fair value on a recurring basis as of December 31, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash equivalents	\$ 1,740,609	\$ --	\$ --
Equities	<u>1,064,663</u>	<u>--</u>	<u>--</u>
	<u>\$ 2,805,272</u>	<u>\$ --</u>	<u>\$ --</u>

Note 15. Subsequent Events

The Council has evaluated all subsequent events through March 20, 2017, the date the combined financial statements were available to be issued. The Council has determined there are no subsequent events that require recognition or disclosure.

**INDEPENDENT AUDITOR'S REPORT ON
THE SUPPLEMENTARY INFORMATION**

To the Board of Directors
Potomac District Council of the Assemblies
of God, Inc. and Affiliates
Gainesville, Virginia

We have audited the combined financial statements of Potomac District Council of the Assemblies of God, Inc. and Affiliates as of and for the years ended December 31, 2016 and 2015, and have issued our report thereon, dated March 20, 2017, which contained an unmodified opinion on those combined financial statements. Our audits were performed for the purpose of forming an opinion on the combined financial statements as a whole. We have not performed any procedures with respect to the audited combined financial statements subsequent to March 20, 2017.

The accompanying supplementary information is 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 audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying 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.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
March 20, 2017

POTOMAC DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC. AND AFFILIATES

Schedule of Activities - District Operating Fund

For the Year Ended December 31, 2016

Unrestricted Net Assets:	Potomac District Council	Special Assistance	Church Development	Church Health and Revitalization	Christian Education	Youth Ministries	Women's Ministries	Men's Ministries	World Missions	Music	Bereavement Assistance	C32	2016 Total
Support and Revenue:													
Contributions	\$ 2,542,291	\$ 360	\$ 61,400	\$ 6,095	\$ 19,676	\$ 154,849	\$ 52,724	\$ 29,663	\$ 40,482	\$ --	\$ --	\$ 269,290	\$ 3,176,830
Activities and events	63,937	--	3,429	--	215,002	446,136	133,312	158,495	13,400	--	--	--	1,033,711
Investment income	153,190	--	9,667	--	--	--	--	--	--	--	--	--	162,857
Other	3,499	--	--	--	3,955	250	7,069	45	--	--	--	--	14,818
Total support and revenue	<u>\$ 2,762,917</u>	<u>\$ 360</u>	<u>\$ 74,496</u>	<u>\$ 6,095</u>	<u>\$ 238,633</u>	<u>\$ 601,235</u>	<u>\$ 193,105</u>	<u>\$ 188,203</u>	<u>\$ 53,882</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 269,290</u>	<u>\$ 4,388,216</u>
Expenses													
Salaries and benefits	\$ 977,931	\$ --	\$ 15,805	\$ 1,630	\$ 22,850	\$ 174,475	\$ 27,327	\$ 51,207	\$ 2,500	\$ --	\$ --	\$ --	\$ 1,273,725
Minister's bereavement	--	--	--	--	--	--	--	--	--	--	192,000	--	192,000
Officials	176,736	--	8,148	3,953	5,776	24,373	3,428	3,557	569	--	--	179,026	405,566
Contributions to Camp	152,818	--	--	--	--	--	--	--	--	--	--	--	152,818
Activities and events	449,502	134,690	130,633	--	205,014	376,306	121,189	117,980	18,322	--	--	--	1,553,636
Interest	40,677	--	--	--	--	--	--	--	--	--	--	--	40,677
Other	1,627	--	420	--	7,444	741	34,699	12,202	--	--	--	25,000	82,133
Depreciation and amortization	116,645	--	767	565	2,921	2,099	--	1,074	2,596	--	--	--	126,667
Total program expenses	<u>\$ 1,915,936</u>	<u>\$ 134,690</u>	<u>\$ 155,773</u>	<u>\$ 6,148</u>	<u>\$ 244,005</u>	<u>\$ 577,994</u>	<u>\$ 186,643</u>	<u>\$ 186,020</u>	<u>\$ 23,987</u>	<u>\$ --</u>	<u>\$ 192,000</u>	<u>\$ 204,026</u>	<u>\$ 3,827,222</u>
General and administrative	714,079	--	1,352	12,268	7,470	37,104	1,635	5,755	338	--	--	20,413	800,414
Total Expenses	<u>\$ 2,630,015</u>	<u>\$ 134,690</u>	<u>\$ 157,125</u>	<u>\$ 18,416</u>	<u>\$ 251,475</u>	<u>\$ 615,098</u>	<u>\$ 188,278</u>	<u>\$ 191,775</u>	<u>\$ 24,325</u>	<u>\$ --</u>	<u>\$ 192,000</u>	<u>\$ 224,439</u>	<u>\$ 4,627,636</u>
Change in unrestricted net assets	\$ 132,902	\$ (134,330)	\$ (82,629)	\$ (12,321)	\$ (12,842)	\$ (13,863)	\$ 4,827	\$ (3,572)	\$ 29,557	\$ --	\$ (192,000)	\$ 44,851	\$ (239,420)
Net assets, beginning of year	4,079,106	40,953	58,668	(1,202)	97,295	(25,982)	(94,472)	(12,200)	41,670	(1)	19,681	--	4,203,516
Transfers for program expenses	(166,445)	126,239	50,000	16,350	5,000	18,852	(5,343)	--	--	--	193,000	--	237,653
Net assets, end of year	<u>\$ 4,045,563</u>	<u>\$ 32,862</u>	<u>\$ 26,039</u>	<u>\$ 2,827</u>	<u>\$ 89,453</u>	<u>\$ (20,993)</u>	<u>\$ (94,988)</u>	<u>\$ (15,772)</u>	<u>\$ 71,227</u>	<u>\$ (1)</u>	<u>\$ 20,681</u>	<u>\$ 44,851</u>	<u>\$ 4,201,749</u>

POTOMAC DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC. AND AFFILIATES

Schedule of Activities - District Operating Fund

For the Year Ended December 31, 2015

Unrestricted Net Assets:	Potomac District Council	Special Assistance	Church Development	Church Health and Revitalization	Christian Education	Youth Ministries	Women's Ministries	Men's Ministries	World Missions	Music	Bereavement Assistance	2015 Total
Support and Revenue:												
Contributions	\$ 2,592,915	\$ 4,106	\$ 61,872	\$ 6,509	\$ 23,202	\$ 161,854	\$ 47,457	\$ 29,059	\$ 43,967	\$ 3,185	\$ 114,681	\$ 3,088,807
Activities and events	39,664	--	54,004	650	246,967	451,118	129,571	220,144	10,100	--	--	1,152,218
Investment income	80,349	--	8,373	--	--	--	--	--	--	--	--	88,722
Other	2,942	--	--	--	--	2,033	6,054	48	--	--	--	11,077
Total support and revenue	<u>\$ 2,715,870</u>	<u>\$ 4,106</u>	<u>\$ 124,249</u>	<u>\$ 7,159</u>	<u>\$ 270,169</u>	<u>\$ 615,005</u>	<u>\$ 183,082</u>	<u>\$ 249,251</u>	<u>\$ 54,067</u>	<u>\$ 3,185</u>	<u>\$ 114,681</u>	<u>\$ 4,340,824</u>
Expenses												
Salaries and benefits	\$ 956,739	\$ --	\$ 14,761	\$ --	\$ 24,172	\$ 154,495	\$ 50,004	\$ 74,409	\$ 2,500	\$ --	\$ --	\$ 1,277,080
Minister's bereavement	--	--	--	--	--	--	--	--	--	--	190,000	190,000
Officials	149,635	--	7,320	3,849	8,357	23,723	3,817	4,090	1,256	750	--	202,797
Contributions to Camp	152,847	--	--	--	--	--	--	--	--	--	--	152,847
Activities and events	347,469	127,243	194,299	--	240,311	389,271	98,591	184,483	31,755	--	--	1,613,422
Interest	46,481	--	--	--	--	--	--	--	--	--	--	46,481
Other	1,539	--	1,312	--	2,547	2	23,092	9,907	--	219	--	38,618
Depreciation and amortization	114,964	--	1,083	--	2,186	2,494	--	1,366	--	--	--	122,093
Total program expenses	<u>\$ 1,769,674</u>	<u>\$ 127,243</u>	<u>\$ 218,775</u>	<u>\$ 3,849</u>	<u>\$ 277,573</u>	<u>\$ 569,985</u>	<u>\$ 175,504</u>	<u>\$ 274,255</u>	<u>\$ 35,511</u>	<u>\$ 969</u>	<u>\$ 190,000</u>	<u>\$ 3,643,338</u>
General and administrative	644,044	--	631	16,513	5,411	43,621	2,403	6,520	868	--	--	720,011
Total Expenses	<u>\$ 2,413,718</u>	<u>\$ 127,243</u>	<u>\$ 219,406</u>	<u>\$ 20,362</u>	<u>\$ 282,984</u>	<u>\$ 613,606</u>	<u>\$ 177,907</u>	<u>\$ 280,775</u>	<u>\$ 36,379</u>	<u>\$ 969</u>	<u>\$ 190,000</u>	<u>\$ 4,363,349</u>
Change in unrestricted net assets	\$ 302,152	\$ (123,137)	\$ (95,157)	\$ (13,203)	\$ (12,815)	\$ 1,399	\$ 5,175	\$ (31,524)	\$ 17,688	\$ 2,216	\$ (75,319)	\$ (22,525)
Net assets, beginning of year	3,969,532	32,567	83,825	1	105,110	(45,436)	(83,640)	(676)	23,982	(2,217)	44,000	4,127,048
Transfers for program expenses	(192,578)	131,523	70,000	12,000	5,000	18,055	(16,007)	20,000	--	--	51,000	98,993
Net assets, end of year	<u>\$ 4,079,106</u>	<u>\$ 40,953</u>	<u>\$ 58,668</u>	<u>\$ (1,202)</u>	<u>\$ 97,295</u>	<u>\$ (25,982)</u>	<u>\$ (94,472)</u>	<u>\$ (12,200)</u>	<u>\$ 41,670</u>	<u>\$ (1)</u>	<u>\$ 19,681</u>	<u>\$ 4,203,516</u>

POTOMAC DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC. AND AFFILIATES

Schedules of Church Loan Fund Loans Receivable

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Alta Vista, VA / Elim	\$ 12,328	\$ 17,087
Appomattox, VA / Appomattox	31,931	37,150
Baltimore, MD / Hamilton	51,884	51,884
Bel Air, MD / Grace Assembly of God	10,931	21,279
Blackstone, VA / Blackstone	13,836	14,328
Capital Heights, MD / Teen Challenge	--	30,000
Centreville, VA / Centerville	--	4,937
Chantilly, VA / Iglesia Lluvia de Gracia	387,348	394,541
Clarksburg, WV / Stealey	11,374	12,823
Crewe, VA / Gospel Light	26,512	27,394
Flemington, WV / Flemington	12,763	--
Frostburg, MD / New Life	14,980	14,980
Gum Springs, VA / Central Virginia	439,787	445,062
Hampton, VA / Cornerstone	93,172	98,339
LaVale, MD / Lavale	--	19,139
Manassas, VA / Christ Chapel Mountain Top	124,366	127,546
Mechanicsville, VA / Bridge to Hope	58,188	58,288
Morgantown, WV / Fresh Harvest	4,945	6,418
Oakland, MD / Mt. Top Christian	9,449	11,622
Pine Creek Camp	86,064	86,064
Potomac Park Camp	450,232	450,232
Purcellville, VA / My Father's House	50,000	50,000
Rixeyville, VA / Hazel	80,315	80,315
Shacklefords, VA / Shackleford	4,029	--
Silver Spring, MD / Miracle Temple	--	413,265
Springfield, WV / Springfield	--	277,656
Valley Head, WV / Cavalry	18,705	19,758
Virginia Beach, VA / Back Bay	308,734	322,762
Weirton, WV, New Life	97,683	98,537
Yorktown, VA / York	<u>148,618</u>	<u>167,387</u>
	\$ 2,548,174	\$ 3,358,793
Less: Allowance for loan loss	<u>(160,000)</u>	<u>(160,000)</u>
Loans receivable, net	<u>\$ 2,388,174</u>	<u>\$ 3,198,793</u>

POTOMAC DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC. AND AFFILIATES

Summary of Activities by Fund
For the Year Ended December 31, 2016

	<u>Net Assets, Beginning of Year</u>	<u>Support and Revenue</u>	<u>Percent of Revenue</u>	<u>Expenses</u>	<u>Percent of Expenses</u>	<u>Change in Net Assets</u>	<u>Fund Transfers</u>	<u>Net Assets, End of Year</u>
District Operating Fund:								
Potomac District Council	\$ 4,079,106	\$ 2,762,917	35.84%	\$ 2,630,015	37.22%	\$ 132,902	\$ (166,445)	\$ 4,045,563
Special Assistance	40,953	360	0.00%	134,690	1.91%	(134,330)	126,239	32,862
Church Development	58,668	74,496	0.97%	157,125	2.22%	(82,629)	50,000	26,039
Church Health & Revitalization	(1,202)	6,095	0.08%	18,416	0.26%	(12,321)	16,350	2,827
Christian Education	97,295	238,633	3.10%	251,475	3.56%	(12,842)	5,000	89,453
Youth Ministries	(25,982)	601,235	7.80%	615,098	8.70%	(13,863)	18,852	(20,993)
Women's Ministries	(94,472)	193,105	2.50%	188,278	2.66%	4,827	(5,343)	(94,988)
Men's Ministries	(12,200)	188,203	2.44%	191,775	2.71%	(3,572)	--	(15,772)
World Missions	41,670	53,882	0.70%	24,325	0.34%	29,557	--	71,227
Music Fund	(1)	--	0.00%	--	0.00%	--	--	(1)
Bereavement Assistance Fund	19,681	--	0.00%	192,000	2.72%	(192,000)	193,000	20,681
C32	--	269,290	3.49%	224,439	3.18%	44,851	--	44,851
Total District Operating Fund	\$ 4,203,516	\$ 4,388,216	56.92%	\$ 4,627,636	65.48%	\$ (239,420)	\$ 237,653	\$ 4,201,749
Ministry Endowment Fund	3,841,448	402,517	5.22%	324,859	4.60%	77,658	(236,609)	3,682,497
Church Loan Fund	1,064,951	1,038,213	13.47%	144,917	2.05%	893,296	(6,000)	1,952,247
Potomac Camping Ministries	3,817,984	166,581	2.16%	120,105	1.70%	46,476	(12,000)	3,852,460
Pine Creek Camp	4,560,425	850,217	11.03%	945,739	13.38%	(95,522)	--	4,464,903
Potomac Park Camp	539,570	863,433	11.20%	903,792	12.79%	(40,359)	16,956	516,167
Grand Totals	<u>\$ 18,027,894</u>	<u>\$ 7,709,177</u>	<u>100.00%</u>	<u>\$ 7,067,048</u>	<u>100.00%</u>	<u>\$ 642,129</u>	<u>\$ --</u>	<u>\$ 18,670,023</u>

POTOMAC DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC. AND AFFILIATES

Summary of Activities by Fund
For the Year Ended December 31, 2015

	<u>Net Assets, Beginning of Year</u>	<u>Support and Revenue</u>	<u>Percent of Revenue</u>	<u>Expenses</u>	<u>Percent of Expenses</u>	<u>Change in Net Assets</u>	<u>Fund Transfers</u>	<u>Net Assets, End of Year</u>
District Operating Fund:								
Potomac District Council	\$ 3,969,532	\$ 2,715,870	41.79%	\$ 2,413,718	36.75%	\$ 302,152	\$ (192,578)	\$ 4,079,106
Special Assistance	32,567	4,106	0.06%	127,243	1.94%	(123,137)	131,523	40,953
Church Development	83,825	124,249	1.91%	219,406	3.34%	(95,157)	70,000	58,668
Church Health & Revitalization	1	7,159	0.11%	20,362	0.31%	(13,203)	12,000	(1,202)
Christian Education	105,110	270,169	4.16%	282,984	4.31%	(12,815)	5,000	97,295
Youth Ministries	(45,436)	615,005	9.46%	613,606	9.34%	1,399	18,055	(25,982)
Women's Ministries	(83,640)	183,082	2.82%	177,907	2.71%	5,175	(16,007)	(94,472)
Men's Ministries	(676)	249,251	3.84%	280,775	4.28%	(31,524)	20,000	(12,200)
World Missions	23,982	54,067	0.83%	36,379	0.55%	17,688	--	41,670
Music Fund	(2,217)	3,185	0.05%	969	0.01%	2,216	--	(1)
Bereavement Assistance Fund	<u>44,000</u>	<u>114,681</u>	<u>1.77%</u>	<u>190,000</u>	<u>2.89%</u>	<u>(75,319)</u>	<u>51,000</u>	<u>19,681</u>
Total District Operating Fund	\$ 4,127,048	\$ 4,340,824	66.80%	\$ 4,363,349	66.43%	\$ (22,525)	\$ 98,993	\$ 4,203,516
Ministry Endowment Fund	4,041,831	97,575	1.50%	190,958	2.91%	(93,383)	(107,000)	3,841,448
Church Loan Fund	963,889	267,756	4.12%	160,694	2.45%	107,062	(6,000)	1,064,951
Potomac Camping Ministries	3,950,939	167,850	2.58%	288,805	4.40%	(120,955)	(12,000)	3,817,984
Pine Creek Camp	4,562,303	815,109	12.54%	816,987	12.44%	(1,878)	--	4,560,425
Potomac Park Camp	<u>451,225</u>	<u>809,364</u>	<u>12.46%</u>	<u>747,026</u>	<u>11.37%</u>	<u>62,338</u>	<u>26,007</u>	<u>539,570</u>
Grand Totals	<u>\$ 18,097,235</u>	<u>\$ 6,498,478</u>	<u>100.00%</u>	<u>\$ 6,567,819</u>	<u>100.00%</u>	<u>\$ (69,341)</u>	<u>\$ --</u>	<u>\$ 18,027,894</u>