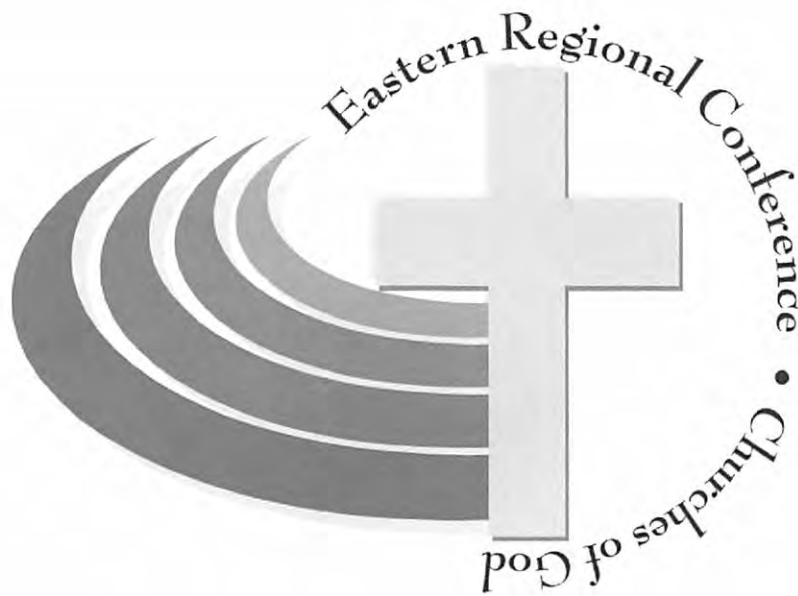


Reviewed
Financial
Statements

December 31,
2016



CONTENTS

	PAGE
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	1 - 2
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS	3
NOTES TO FINANCIAL STATEMENT	4 - 6
SUPPLEMENTARY INFORMATION	
Summary of Net Assets	7 - 9



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Administrative Council
Eastern Regional Conference of
the Churches of God
Harrisburg, Pennsylvania

We have reviewed the accompanying financial statement of the Eastern Regional Conference of the Churches of God (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2016, and the related notes to the financial statement. 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 Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statement in the circumstances. Management is also responsible for 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 statement for it to be in accordance with the modified cash basis of accounting. 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 statement of assets, liabilities and net assets – modified cash basis in order for it to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement has been prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Other Matter

The accompanying summary of net assets is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such information is the responsibility of management. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any form of assurance on it.

Smith Elliott Keavens, Company, LLC

Chambersburg, Pennsylvania
April 6, 2017

THE EASTERN REGIONAL CONFERENCE OF THE CHURCHES OF GOD
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis
December 31, 2016

ASSETS

Current Assets

Cash and cash equivalents	\$ 430,226
Investments, at fair value	<u>384,079</u>
Total current assets	<u>814,305</u>

Property and Equipment

Property and equipment	55,622
Less accumulated depreciation	<u>55,622</u>
Net property and equipment	<u>-</u>

Other Assets

Non-current investments	<u>512,088</u>
-------------------------	----------------

Total assets	<u>\$ 1,326,393</u>
--------------	---------------------

LIABILITIES AND NET ASSETS

Current Liabilities

Payroll taxes withheld	\$ 1,838
Accounts payable - vendors	109
Current vocations escrow payable	<u>9,804</u>
Total current liabilities	<u>11,751</u>

Long-Term Liabilities

Vocations escrow payable - long-term portion	<u>64,109</u>
--	---------------

Total liabilities	<u>75,860</u>
-------------------	---------------

Net Assets

Unrestricted	465,713
Temporarily restricted	272,732
Permanently restricted	<u>512,088</u>
Total net assets	<u>1,250,533</u>

Total liabilities and net assets	<u>\$ 1,326,393</u>
----------------------------------	---------------------

THE EASTERN REGIONAL CONFERENCE OF THE CHURCHES OF GOD
Notes to Financial Statement
December 31, 2016

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Eastern Regional Conference of the Churches of God (The Conference) is a non-profit organization affiliated with the Churches of God, General Conference headquartered in Findlay, Ohio. It oversees the collection of donations and tithes from various affiliated churches and sees that these funds are used for their intended purposes. It also assists in the building of churches through the Home Mission Council, Inc. and makes loans to individuals and affiliated churches for various purposes.

Basis of Accounting

The Conference's policy is to prepare its financial statement on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Because of this, receivables and payables (except for income earned in donor restricted funds and distributable to various church related organizations as specified by the donors as well as the Vocations Escrow Payable), which may be material in amount, are not presented.

Donor Restrictions

The Conference reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets. The Conference reports information regarding its financial position according to three classes of net assets based on the existence or absence of donor-imposed restrictions: permanently restricted, temporarily restricted and unrestricted net assets.

Investments

Investments are stated at fair value. Certificates of deposit are classified as "cash and cash equivalents".

Property and Equipment

Property and equipment consists of vehicles, which are depreciated using the straight line method over a period of five years.

Income Taxes

The Conference is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Conference follows generally accepted accounting principles, which provides guidance on accounting for uncertainty in income taxes recognized in an organization's financial statements. The Conference's policy is to charge penalties and interest to income tax expense as incurred. The Conference's tax positions are subject to examination by the Internal Revenue Service and state tax authorities, generally for a period of three years after the returns are filed. The Conference's most significant tax position is that it is exempt from payment of federal and state income taxes. Accordingly, the Conference has not reported any income tax expense for the year ended December 31, 2016.

THE EASTERN REGIONAL CONFERENCE OF THE CHURCHES OF GOD
Notes to Financial Statement
December 31, 2016

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through April 6, 2017, the date which the financial statement was available to be issued. There have been no events that qualify for either recognition or disclosure in the Organization's financial statements.

NOTE 2 INVESTMENTS

Investments consist of the following at December 31, 2016:

Cash and cash equivalents - investment portfolios	\$ (12,734)
Equity Securities	217,260
Debt Securities	611,241
Mutual Funds	80,400
	<u>\$ 896,167</u>

NOTE 3 FAIR VALUE MEASUREMENTS

Under generally accepted accounting principles, it is necessary to define fair value measurements. Generally accepted accounting principles establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- **Level One:** Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- **Level Two:** Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- **Level Three:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value on the Conference's statement of assets, liabilities and net assets, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Investments

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid government bonds, mortgage products and exchange traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Level 2 securities would include U.S. agency securities, mortgage-backed securities, obligations of states and political subdivisions and certain corporate, asset backed and other securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

THE EASTERN REGIONAL CONFERENCE OF THE CHURCHES OF GOD
Notes to Financial Statement
December 31, 2016

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

At December 31, 2016, the Conference had no liabilities subject to fair value reporting requirements. The table below summarizes assets at December 31, 2016 measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total Fair Value Measurements
Cash equivalents	\$ (12,734)	\$ -	\$ -	\$ (12,734)
Equity securities	217,260	-	-	217,260
Debt securities	-	611,241	-	611,241
Mutual funds	-	80,400	-	80,400
	<u>\$ 204,526</u>	<u>\$ 691,641</u>	<u>\$ -</u>	<u>\$ 896,167</u>

NOTE 4 PROPERTY AND EQUIPMENT

	Cost	Accumulated Depreciation	Depreciated Cost
Vehicles	\$ 55,622	\$ 55,622	\$ -
Total	<u>\$ 55,622</u>	<u>\$ 55,622</u>	<u>\$ -</u>

NOTE 7 VOCATIONS ESCROW PAYABLE

The Conference has established a program to help fund tuition for students who attend their seminary. The Conference pays for 50% of the tuition up front, and the other 50% is reimbursable to the student upon completion of schooling and three years of service with the Churches of God after graduation. The Vocations Escrow Payable has been established in order to record a liability for the tuition reimbursements that the Conference expects to pay to seminary graduates upon the completion of their service requirement. As of December 31, 2016, there was \$ 73,913 in the Vocations Escrow Payable account.

NOTE 8 OFF BALANCE SHEET RISK

The Conference maintains its cash in bank deposit accounts at various financial institutions. At times, the balances in these accounts may exceed federally insured limits, which management considers to be a normal business risk.

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for various programs conducted by the Conference. The amount designated by donors to be used for these programs was \$ 272,732 at December 31, 2016.

NOTE 10 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable for general expenses of the Conference. The amount permanently restricted at December 31, 2016 is \$ 512,088.

SUPPLEMENTARY INFORMATION

THE EASTERN REGIONAL CONFERENCE OF THE CHURCHES OF GOD
Summary of Net Assets
Year Ended December 31, 2016

Unrestricted	Balance 12/31/15	Income	Tithes	Expenses	Year-End Adjustments	Year-End Reclassifications	Balance 12/31/16
All Relief	\$ 3010-01	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CGYA - Youth & Family	3130-13	-	-	-	-	-	-
Church & Pastor	3020-02	12,805	12,120	(15,582)	(5,918)	(5,918)	11,059
Church & Pastor - Contingency	3030-03	-	8,105	(4,631)	-	(3,474)	-
Church Vocations	3040-04	4,080	45,449	(34,139)	-	(15,390)	-
Conference Office	3070-07	4,110	111,122	(116,101)	-	869	-
Conference Office / Salaries & Benefits	3060-06	-	378,738	(385,761)	-	17,023	10,000
Discipleship	3103-101	-	10,074	(9,018)	-	(3,461)	-
Evangelism	3100-10	660	18,179	(6,840)	-	(11,999)	-
Growing Healthy Churches	3115-20	31,929	-	(56,689)	-	143,441	119,681
Leadership Task Force Fund	3108-81	-	5,075	(3,322)	-	(1,753)	-
Seed Fund Renewal	3180-87	211,768	-	(12,088)	-	(148,291)	56,957
Miscellaneous Account (Exchange)	3090-09	2,167	-	-	-	-	2,167
Missions Commission	3035-77	834	7,044	(6,584)	-	(460)	834
Renewal	3105-82	-	20,225	(13,512)	-	(7,333)	-
Staff Development and Training	3075-12	(1,919)	-	-	-	1,919	-
Stewardship & Finance	3110-11	-	11,135	(10,263)	-	(872)	-
Student Aid - PTI	3116-00	1,764	-	-	-	-	2,598
Unrestricted Fund Balance	3000-00	174,951	4,192	-	(13,034)	2,714	168,823
Total Unrestricted	\$ 428,294	\$ 37,108	\$ 627,266	\$ (674,530)	\$ (13,034)	\$ (32,985)	\$ 372,119

THE EASTERN REGIONAL CONFERENCE OF THE CHURCHES OF GOD
Summary of Net Assets (Continued)
Year Ended December 31, 2016

	Balance	12/31/15	Income	Tithes	Expenses	Year-End Adjustments	Year-End Reclassifications	Balance
	12/31/15	12/31/15	12/31/15	12/31/15	12/31/15	12/31/15	12/31/15	12/31/16
Conference Designated								
Auto Replacement Fund	3140-14	\$ 10,000	\$ 1,950	\$ -	\$ -	\$ -	\$ 15,000	\$ 25,000
Bus Trips	3175-00	(328)	1,950	-	(1,950)	-	-	(328)
Interest Fund	3080-08	5,309	3,192	-	(307)	-	(1,918)	6,276
Church of God Home Fund	3240-24	-	8,590	-	(8,590)	-	-	-
Church Planting	3150-15	(55,065)	123,349	90,821	(220,302)	-	5,243	(55,954)
Church Planting Loan	3154-19	4,850	-	-	-	(4,850)	-	-
CM Honorarium Account	3160-16	1,159	2,855	-	(1,896)	-	-	2,118
Doubling Gap Center Fund	3260-26	-	14,434	-	(14,434)	-	-	-
Faith COG Property	3235-00	-	-	-	-	-	-	-
Encouragement Fund	3165-00	783	1,976	-	(2,887)	-	-	(128)
Endowment Fund	3120-15	(21,160)	75,920	-	(55,106)	-	(7,058)	(7,404)
ERC/CGGC Conference Sessions Fund	3134-85	12,430	40,047	9,090	(55,144)	-	-	6,423
FUSE Projects	3125-00	4,786	-	-	-	-	-	4,786
FUSION Church Manheim	3159-00	(446)	-	-	-	446	-	-
General Conference Escrow Fund	3250-25	1,031,162	-	-	(1,031,162)	-	-	-
Generosity Ministries	3156-00	942	-	-	(813)	-	-	129
Litiz Property	3223-00	-	-	-	-	-	-	-
Lumen Church Plant Balance	3158-00	2,650	-	-	-	-	-	2,650
NE Planting Field Director Fund	3152-15	-	-	-	-	-	-	-
Pension/Pastoral Care Fund	3210-64	-	7,215	25,224	(39,668)	-	7,229	-
Sacred Retirement	3190-79	49,364	7,300	-	(4,350)	-	-	52,314
Vocation Escrow Fund	3230-23	34,785	12,553	-	(7,929)	-	(5,495)	33,914
Widows Fund	3195-80	25,237	-	-	(1,440)	-	-	23,797
Total Conference Designated	75,297	1,330,543	125,135	(1,445,978)	(4,404)	13,001	93,594	
Total Unrestricted and Conference Designated	\$ 503,591	\$ 1,367,651	\$ 752,401	\$ (2,120,508)	\$ (17,438)	\$ (19,984)	\$ 465,713	

THE EASTERN REGIONAL CONFERENCE OF THE CHURCHES OF GOD
Summary of Net Assets (Continued)
Year Ended December 31, 2016

		Balance				Year-End	Year-End	Balance
		12/31/15	Income	Tithes	Expenses	Adjustments	Reclassifications	12/31/16
Donor Restricted - Temporary								
Chubb, Alfred Fund	3400- 40	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4
Daubert Estate Fund	3287- 86	10,227	-	-	-	-	-	10,227
Discipleship - Haiti Journey Balance	3335 00	12	1,650	-	-	-	-	1,662
Frye, Walter & Mary	3327- 02	1,669	-	-	(592)	-	157	1,234
Hershey, Harvey	3280- 46	275	-	-	-	-	-	275
Hospitalization	3148- 29	23,407	154,087	5,075	(142,649)	-	-	39,920
Mutual Beneficial Society	3300- 30	(1,884)	102	-	(1,600)	-	10,982	7,600
Powell, William I. Memorial	3310- 67	2,866	-	-	-	-	65	2,931
Wenger Fund	3285- 84	172,404	-	-	-	-	-	172,404
Youth & Family Life Designated Sturr/Wil	3330- 33	34,243	2,232	-	-	-	-	36,475
		<u>243,223</u>	<u>158,071</u>	<u>5,075</u>	<u>(144,841)</u>	<u>-</u>	<u>11,204</u>	<u>272,732</u>
Donor Restricted - Permanent								
Brightbill, H. L. & Maggie	3370- 37	10,000	-	-	(156)	-	156	10,000
Brightbill, Maggie	3380- 38	5,000	-	-	(78)	-	78	5,000
East PA Mission Fund	3410- 41	10,483	-	-	-	-	-	10,483
EPA Women's Missionary Society	3420- 42	4,084	-	-	(64)	-	64	4,084
Felty, John S. & Wife	3430- 43	7,500	-	-	(117)	-	117	7,500
Frye, Walter & Mary	3440- 44	10,000	-	-	-	-	-	10,000
Hershey, Harvey	3460- 46	152,416	-	-	(2,039)	-	2,039	152,416
Hostetter, A. J.	3480- 48	5,729	-	-	(45)	-	45	5,729
Hoverter, George	3500- 50	1,136	-	-	(9)	-	9	1,136
Kennedy, Katherine	3510- 51	1,000	-	-	-	-	-	1,000
Lauver, Paul	3545- 83	84,979	-	-	(390)	-	390	84,979
Ott, Rebecca	3620- 62	3,000	-	-	(31)	-	31	3,000
Pastoral Care Fund	3640- 64	170,000	-	-	-	-	-	170,000
Permanent Foreign Mission Fund	3650- 65	3,114	-	-	(49)	-	49	3,114
Powell, William I. Memorial	3670- 67	4,151	-	-	-	-	-	4,151
Reinhard, Sue	3680- 68	1,000	-	-	(16)	-	16	1,000
Ritter, Annie	3690- 69	37,496	-	-	(293)	-	293	37,496
Simonetti, J.	3710- 71	1,000	-	-	-	-	-	1,000
		<u>512,088</u>	<u>-</u>	<u>-</u>	<u>(3,287)</u>	<u>-</u>	<u>3,287</u>	<u>512,088</u>
Total donor restricted - permanent								
		<u>512,088</u>	<u>-</u>	<u>-</u>	<u>(3,287)</u>	<u>-</u>	<u>3,287</u>	<u>512,088</u>
Total Net Assets								
		<u>\$ 1,258,902</u>	<u>\$ 1,525,722</u>	<u>\$ 757,476</u>	<u>\$ (2,268,636)</u>	<u>\$ (17,438)</u>	<u>\$ (5,493)</u>	<u>\$ 1,250,533</u>