September 20, 2017

To the Board of Elders
Christ Fellowship

We have audited the financial statements of Christ Fellowship (the "Church") for the year ended June 30, 2017 and have issued our report thereon dated September 20, 2017. Professional standards require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 11, 2017, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Church are described in Note 2 to the financial statements. In 2017, the Church retrospectively adopted the requirements in the Imputation of Interest topic of the Financial Accounting Standards Board *Accounting Standards Codification* ("FASB ASC") to present loan origination costs as a reduction of the carrying amount of the respective notes payable rather than as an asset. We noted no transactions entered into by the Church during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimates of the depreciable lives related to property and equipment are based on management's experience and judgment. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. There were no disclosures included in the financial statements that were considered to be sensitive in nature and the financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has agreed to correct all such misstatements. We proposed the following adjusting journal entries detailed below during the course of our audit.

* Journal entry totaling $3,866,652 to properly capitalize current year fixed asset additions.

* Journal entry totaling $450,360 to record depreciation expense for the current year.

* Journal entry totaling $84,800 to record the disposal of property and equipment during the year.

* Journal entries totaling $1,565,412 to record construction payables as of year-end.

* Journal entry totaling $97,204 to properly record accrued payroll as of year-end.

* These adjustments were made by us to properly convert the Church's financial statements from budgetary cash basis to accrual basis in order to be in compliance with accounting principles generally accepted in the United States of America.

Internal Control Related Matters

In planning and performing our audit of the financial statements of the Church as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Church's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Church's internal control. Accordingly, we do not express an opinion on the effectiveness of the Church's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and, therefore, significant deficiencies or material weaknesses may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Church's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 20, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Church's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Church's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Elders and management of Christ Fellowship and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

PSK LLP

PSK LLP

CHRIST FELLOWSHIP

McKinney, Texas

Financial Statements

Years Ended June 30, 2017 and 2016

CHRIST FELLOWSHIP
Financial Statements
Years Ended June 30, 2017 and 2016

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PSK LLP
Accountants & Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Elders
Christ Fellowship
McKinney, Texas

We have audited the accompanying financial statements of Christ Fellowship (the "Church"), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Church's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Church's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christ Fellowship as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PSK LLP

Arlington, Texas
September 20, 2017

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CHRIST FELLOWSHIP

Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 1,848,570	$ 1,660,012
Other receivables	102	58
Prepaid expenses	17,235	24,279
Property and equipment, net	11,681,190	8,276,629
Cash collateral	-	743,587
Cash restricted for long-term purposes	342,850	2,400,965
Total assets	$ 13,889,947	$ 13,105,530
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 24,249	$ 57,077
Construction draw payable	1,311,323	-
Retainage payable	254,090	-
Accrued expenses	92,189	91,759
Notes payable, net	2,779,763	4,758,455
Total liabilities	4,461,614	4,907,291
Net assets		
Unrestricted		
Undesignated	7,450,627	3,493,092
Board designated	1,147,354	1,854,220
Total unrestricted	8,597,981	5,347,312
Temporarily restricted	830,352	2,850,927
Total net assets	9,428,333	8,198,239
Total liabilities and net assets	$ 13,889,947	$ 13,105,530

The accompanying notes are an integral part of these financial statements.

CHRIST FELLOWSHIP
Statement of Activities
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues			
Tithes and offerings	$ 4,228,632	$ 2,009,571	$ 6,238,203
Fee-based activity revenue	745,665	-	745,665
Interest income	10,545	-	10,545
Loss on disposal of property and equipment	(5,682)	-	(5,682)
Other income	75,268	-	75,268
Net assets released from restrictions	4,030,146	(4,030,146)	-
Total revenues	9,084,574	(2,020,575)	7,063,999
Program expenses			
Care ministries	41,113	-	41,113
Children	481,817	-	481,817
Communications	34,950	-	34,950
Connections and ministry involvement	1,623	-	1,623
Discipleship and growth	91,382	-	91,382
Global ministries	671,787	-	671,787
Men's ministry	21,962	-	21,962
Outreach and community impact ministries	98,084	-	98,084
Small groups	24,369	-	24,369
Spanish ministry	25,001	-	25,001
Women's ministry	36,533	-	36,533
Worship	81,548	-	81,548
Young adults	14,827	-	14,827
Youth	22,945	-	22,945
Total program expenses	1,647,941	-	1,647,941
Supporting services			
Administration	3,795	-	3,795
Executive leadership	31,747	-	31,747
Facilities	1,053,168	-	1,053,168
Food services	75,154	-	75,154
Finance	65,089	-	65,089
Human resources	2,402,845	-	2,402,845
Information technology	110,578	-	110,578
Office	42,205	-	42,205
Special projects	66,183	-	66,183
Total supporting services	3,850,764	-	3,850,764
Total expenses	5,498,705	-	5,498,705
Change in net assets before loss on termination of swap agreement	3,585,869	(2,020,575)	1,565,294
Loss on termination of swap agreement	(335,200)	-	(335,200)
Change in net assets	3,250,669	(2,020,575)	1,230,094
Net assets at beginning of the year	5,347,312	2,850,927	8,198,239
Net assets at end of the year	$ 8,597,981	$ 830,352	$ 9,428,333

The accompanying notes are an integral part of these financial statements.

CHRIST FELLOWSHIP
Statement of Activities
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues			
Tithes and offerings	$ 4,101,045	$ 2,029,307	$ 6,130,352
Fee-based activity revenue	717,946	-	717,946
Interest income	12,565	-	12,565
Gain on disposal of property and equipment	606,517	-	606,517
Other income	71,112	-	71,112
Net assets released from restrictions	983,148	(983,148)	-
Total revenues	6,492,333	1,046,159	7,538,492
Program expenses			
Care ministries	60,884	-	60,884
Children	464,551	-	464,551
Communications	25,911	-	25,911
Connections and ministry involvement	8,620	-	8,620
Discipleship and growth	78,497	-	78,497
Global ministries	662,163	-	662,163
Men's ministry	24,458	-	24,458
Outreach and community impact ministries	228,056	-	228,056
Small groups	24,807	-	24,807
Spanish ministry	18,235	-	18,235
Women's ministry	44,089	-	44,089
Worship	87,771	-	87,771
Young adults	14,503	-	14,503
Youth	37,814	-	37,814
Total program expenses	1,780,359	-	1,780,359
Supporting services			
Administration	3,781	-	3,781
Executive leadership	20,290	-	20,290
Facilities	1,209,273	-	1,209,273
Food services	113,945	-	113,945
Finance	59,949	-	59,949
Human resources	2,202,618	-	2,202,618
Information technology	112,749	-	112,749
Office	44,078	-	44,078
Special projects	34,373	-	34,373
Total supporting services	3,801,056	-	3,801,056
Total expenses	5,581,415	-	5,581,415
Change in net assets	910,918	1,046,159	1,957,077
Net assets at beginning of the year	4,436,394	1,804,768	6,241,162
Net assets at end of the year	$ 5,347,312	$ 2,850,927	$ 8,198,239

The accompanying notes are an integral part of these financial statements.

CHRIST FELLOWSHIP
Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 1,230,094	$1,957,077
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
(Gain) loss on disposal of property and equipment	5,682	(606,517)
Depreciation	450,360	461,756
Amortization	8,453	3,757
Contributions restricted for building costs	(1,529,593)	(1,439,586)
Loss on termination of swap agreement	(335,200)	-
(Increase) decrease in assets:		
Prepaid expenses	7,044	(7,033)
Other receivables	(44)	277
Increase (decrease) in liabilities:		
Accounts payable	(32,828)	27,508
Accrued expenses	430	13,367
Net cash and cash equivalents provided by (used in) operating activities	(195,602)	410,606
Cash flows from investing activities:		
Decrease (increase) in cash restricted for building costs	2,801,702	(1,911,452)
Purchases of property and equipment	(3,866,653)	(464,152)
Proceeds from disposal of property and equipment	6,050	929,799
Net cash and cash equivalents used in investing activities	(1,058,901)	(1,445,805)
Cash flows from financing activities:		
Contributions restricted for building costs	1,529,593	1,439,586
Loss on termination of swap agreement	335,200	-
Increase in construction draw payable	1,311,323	-
Increase in retainage payable	254,090	-
Principal payments on notes payable	(2,912,090)	(151,531)
Principal advances on notes payable	924,945	-
Net cash and cash equivalents provided by financing activities	1,443,061	1,288,055
Increase in cash and cash equivalents	188,558	252,856
Cash and cash equivalents at the beginning of the year	1,660,012	1,407,156
Cash and cash equivalents at the end of the year	$ 1,848,570	$ 1,660,012
Supplemental disclosure of cash flow information:		
Cash paid for interest		
Capitalized	$ 70,037	$ -
Expensed	$ 53,449	$ 279,100

The accompanying notes are an integral part of these financial statements.

CHRIST FELLOWSHIP
Notes to Financial Statements

1 - Historical Background

Christ Fellowship (the "Church") was established in March of 1997 in the state of Texas, as a not-for-profit religious organization, under Internal Revenue Code section 501(c)(3), as other than a private foundation. The Church operates in pursuit of its mission to be people helping people find and follow Christ.

2 - Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of the Church have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Basis of Presentation - As required by the Not-for-Profit Entities Classification of Net Assets topic of the Financial Accounting Standards Board *Accounting Standards Codification* ("FASB ASC"), the Church reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue Recognition - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Programs - The Church pursues its objectives through the execution of the following major programs:

Care ministries - Pastoral counseling and caring for hurting people, as well as support/recovery ministries at the Church and in the area.

Children - Relationship building, growth, worship, outreach for children, and preschool.

Communications - Print, verbal and information technology media for transmitting information to Church members, guests, the surrounding community and the world.

Connections and ministry involvement - This is our Assimilation Ministry for prospective and existing Church members.

Discipleship and growth - Adult education, Bible studies, stewardship, etc.

Global ministries - Reaching out beyond our area with the love of Jesus Christ, supporting and partnering with missionaries and mission organizations and supporting church plant locations.

Men's ministry - Relationship building, growth, worship, and outreach for men.

Outreach and community impact ministries - Reaching out to the people in the area with the love of Jesus Christ.

Small groups - The heart of the Church. The place where adults experience biblical community, building relationships and growing to Christian maturity.

CHRIST FELLOWSHIP
Notes to Financial Statements

2 - Summary of Significant Accounting Policies (continued)

Spanish ministry - This is our ministry to the Spanish speaking members of our church family and reaching Spanish speaking people in our community.

Women's ministry - Relationship building, growth, worship, and outreach for women.

Worship - Weekend church services and special events to lead everyone to a worship lifestyle.

Young adults - Relationship building, growth, worship, and outreach for young adults.

Youth - Relationship building, growth, worship, and outreach for middle school and high school students.

Functional Allocation of Expenses - The costs of providing the various program services and supporting activities of the Church have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities.

Use of Estimates - Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Revenues and Support - Revenues and support for the Church are primarily derived from unrestricted contributions from the Church membership.

Donated Services - No amounts have been reflected in the financial statements for donated services. The Church pays for most services requiring specific expertise. A large number of people have contributed significant amounts of time to the activities of the Church without compensation. The financial statements do not reflect the value of those contributed services.

Donated Assets - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair market values at the date of donation.

Cash and Cash Equivalents - For purposes of the financial statements, the Church considers all short-term investments with an original maturity of three months or less to be cash equivalents. Restricted cash and cash designated for long-term purposes is segregated in the statements of financial position and excluded from cash and cash equivalents.

Property and Equipment - Property and equipment are recorded at cost, if purchased, and fair market value at date of donation, if contributed. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings and improvements	5 - 30 years
Furniture, fixtures and equipment	3 - 25 years
Vehicles	5 years

Maintenance, repairs and minor renewals that do not significantly improve or extend the lives of the representative assets are expensed when incurred. Additions, improvements and major renewals in excess of $5,000 are capitalized.

CHRIST FELLOWSHIP
Notes to Financial Statements

2 - Summary of Significant Accounting Policies (continued)

Compensated Absences - Employees of the Church, administrative and ministerial, are entitled to paid vacation depending upon length of service and other factors. The Church cannot reasonably estimate the amount of compensation for future absences; accordingly, no liability has been recorded in the accompanying financial statements. The Church's policy is to recognize the cost of compensated absences when paid to employees.

Income Taxes - The Church follows the Income Taxes topic of the FASB ASC which prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The Church is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income. As of June 30, 2017, the Church has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and does not expect this to change in the next twelve months.

Reclassifications - Certain reclassifications have been made to the 2016 financial statements to conform to the current year presentation.

Subsequent Events - Subsequent events have been evaluated through September 20, 2017, which is the date the financial statements were available to be issued.

3 - Property and Equipment

Property and equipment as of June 30, 2017 and 2016 are comprised of the following:

	2017	2016
Land	$ 835,576	$ 835,576
Buildings and improvements	11,893,088	11,893,088
Furniture, fixtures and equipment	1,857,706	1,904,924
Vehicles	8,100	39,485
Construction in progress	4,592,524	732,069
	19,186,994	15,405,142
Less: accumulated depreciation	(7,505,804)	(7,128,513)
Net property and equipment	$ 11,681,190	$ 8,276,629

Depreciation expense for the years ended June 30, 2017 and 2016 amounted to $450,360 and $461,756, respectively.

4 - Notes Payable and Line of Credit

In October 2008, the Church entered into a term loan agreement with a financial institution, maturing in November 2018. The original principal amount was divided into two equal tranches of $3,815,866. In November 2008, subject to provisions of the loan agreement, 50% of the outstanding loan balance of Tranche II was transferred to Tranche I, and became subject to a Rate Swap Agreement. In July 2013, the Church paid off the remaining outstanding balance related to Tranche II.

CHRIST FELLOWSHIP
Notes to Financial Statements

4 - Notes Payable and Line of Credit (continued)

Tranche I bore a variable interest rate of 1.60% plus One-month LIBOR. The Church entered into a Rate Swap Agreement with the bank agreeing to the same maturity as the term loan. In the Rate Swap Agreement, the Church was the fixed rate payer at 5.66%, and the bank was the variable rate payer at 1.60% plus One-month LIBOR. The balance outstanding at June 30, 2016 was $4,766,908.

In September 2016, the Church chose to refinance its existing debt with another financial institution. In conjunction with the refinance, the Church paid $335,200 to terminate the Rate Swap Agreement. The loan allows maximum borrowings of $15,000,000 to finance the construction and renovation of Church facilities. The promissory note provides for an interest rate of 3.25% through October 2021, 3.50% through July 2024, and regular adjustments thereafter to the Prime Rate as of March 31 each year effective as of July 1. The rate adjustments will be subject to the following collars:

	Floor	Ceiling
7/1/2024 - 6/30/2027	3.50%	4.35%
7/1/2027 - 6/30/2030	3.50%	5.25%
7/1/2030 - 6/30/2033	3.50%	6.00%
7/1/2033 - 10/28/2036	3.50%	6.50%

Payments will be interest only through October 2019 followed by monthly payments of principal and interest to affect a 25-year amortization. All unpaid principal and interest will be due at maturity in October 2036. The loan is collateralized by various assets owned by the Church. The balance outstanding at June 30, 2017 was $2,779,763.

On or prior to October 1, 2019, the principal balance of the loan shall be reduced to an amount not to exceed $11,700,000.

In conjunction with the refinance, the Church entered into a revolving line of credit agreement for $150,000. This line of credit has a stated interest rate of the Prime Rate (4.25% at June 30, 2017) with collars of 3.50% and 5.75%. There was no balance on this line of credit at June 30, 2017.

In 2017, the Church retrospectively adopted the requirements of the Imputation of Interest topic of the FASB ASC to present loan origination costs as a reduction of the carrying amount of the note payable rather than as an asset. The note payable as of June 30, 2016 was previously reported on the statement of financial position as $4,766,908 with the associated $8,453 in unamortized loan origination costs included as an asset. Amortization of loan origination costs is considered interest expense and is allocated on a functional basis in the statement of activities. Accordingly, the following is a summary of the components of notes payable at June 30, 2017 and 2016:

	2017	2016
Outstanding principal on notes payable	$ 2,779,763	$ 4,766,908
Less: unamortized loan origination costs	-	(8,453)
Notes payable, net	$ 2,779,763	$ 4,758,455

5 - Commitments

At June 30, 2017, the Church was a party to a contract with an architect in the amount of $711,770 for the design of renovation and construction of facilities. The architect submits requests for payment on the contract as work progresses. As of June 30, 2017, $499,606 had been billed related to this contract and has been properly capitalized on the Church's statement of financial position. The remaining $212,164 will be billed as work progresses; accordingly, this amount is not recorded as a liability on the Church's financial statements.

CHRIST FELLOWSHIP
Notes to Financial Statements

5 - Commitments (continued)

At June 30, 2017, the Church was a party to a construction contract with a general contractor in the amount of $10,220,886 for the renovation and construction of facilities. The contractor submits requests for payment on the contract as construction progresses. As of June 30, 2017, $3,009,244 had been billed related to this contract and has been properly capitalized on the Church's statement of financial position. Included in this amount is $254,090 of retainage on the contract that has been accrued and capitalized on the Church's statement of financial position. The remaining $7,211,642 will be billed as construction progresses; accordingly, this amount is not recorded as a liability on the Church's financial statements.

6 - Board Designated Net Assets

The leadership of the Church has set aside certain unrestricted funds for specific purposes. These funds have not been restricted by the original donors; they are considered board designated.

Board designated net assets as of June 30, 2017 and 2016 are comprised of the following:

	2017	2016
Medical/Dental/Other	$ 8,537	$ 44,270
Ministry Expansion Fund	-	743,587
Worker's Compensation Insurance	18,238	17,308
Global Ministries	701,293	611,205
Reserve Fund	118,887	166,264
RMR Fund	214,157	195,046
Worship RMR/Enhance	50,242	50,000
Annual Operating Carryover	-	26,540
Mortgage Fund	36,000	-
	$ 1,147,354	$ 1,854,220

7 - Temporarily Restricted Net Assets

The balance of temporarily restricted net assets as of June 30, 2017 relates to certain contributions for which the donor has imposed restrictions. These restrictions require the Church to use such funds for expenses directly related to program, administration and facilities-related activities. During the years ended June 30, 2017 and 2016, temporarily restricted net assets in the amounts of $4,030,146 and $983,148, respectively, had been expended in accordance with donor restrictions and have been reclassified to unrestricted net assets.

Temporarily restricted net assets as of June 30, 2017 and 2016 are comprised of the following:

	2017	2016
Church/Campus Planting	$ 73,139	$ 47,411
Community Impact Ministries	224,838	228,559
Love Fund	73,816	77,507
Ministry Expansion Fund	342,850	2,400,965
Other	115,709	96,485
	$ 830,352	$ 2,850,927

CHRIST FELLOWSHIP
Notes to Financial Statements

8 - Operating Leases

The Church has a non-cancelable operating lease for certain office equipment. The following is a schedule of future minimum rentals under the lease at June 30, 2017.

Year Ended June 30,	Amount
2017	$ 37,172
2018	27,879

Rent expense for each of the years ended June 30, 2017 and 2016 totaled approximately $35,000.

9 - Retirement Plan

The Church contributes to a 403(b) retirement plan with Envoy Financial for all full-time employees. The contributions for the years ended June 30, 2017 and 2016 were $40,571 and $40,403, respectively.

10 - Concentration of Credit Risks

The Church maintains accounts at financial institutions which, at times, may exceed federally insured limits. The Church has not experienced any losses in such accounts, and management does not believe it is exposed to any significant credit risk.