



Central Pastoral Office for Hispanic Ministries
of the Christian Church (Disciples of Christ)

FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

CPAs / ADVISORS



**CENTRAL PASTORAL OFFICE FOR HISPANIC MINISTRIES
OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)**

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DECEMBER 31, 2009 AND 2008**

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REPORT OF INDEPENDENT ACCOUNTANTS

The Pastoral Commission for Hispanic Ministries
Central Pastoral Office for Hispanic Ministries
of the Christian Church (Disciples of Christ)
Indianapolis, Indiana

We have reviewed the accompanying statement of financial position of Central Pastoral Office for Hispanic Ministries of the Christian Church (Disciples of Christ) (the "Organization") as of December 31, 2009, and the related statements of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Central Pastoral Office for Hispanic Ministries of the Christian Church (Disciples of Christ).

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2009 financial statements in order for them to be in conformity with generally accepted accounting principles.

The accompanying financial statements for the year ended December 31, 2008, were audited by us, and we expressed an unqualified opinion on them in our report dated June 26, 2009, but we have not performed any auditing procedures since that date.

Blue & Co., LLC

May 26, 2010

**CENTRAL PASTORAL OFFICE FOR HISPANIC MINISTRIES
OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)**

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 (REVIEWED) AND 2008 (AUDITED)

ASSETS

	2009	2008
Cash	\$ 40,479	\$ 15,503
Contributions receivable, net	-0-	2,263
Other receivables	237	365
Due from related organization	21,001	33,989
Funds held for others	14,369	10,884
Investments	185,454	199,219
Property and equipment, net	15,433	20,606
	\$ 276,973	\$ 282,829

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 9,817	\$ 16,232
Accrued expenses	-0-	8,000
Funds held for others	14,369	10,884
Capital lease obligation	8,520	11,035
Total liabilities	32,706	46,151
Net assets		
Unrestricted		
Undesignated	66,575	75,241
Board designated	4,934	-0-
Temporarily restricted	61,485	53,903
Permanently restricted	111,273	107,534
Total net assets	244,267	236,678
	\$ 276,973	\$ 282,829

*See report of independent accountants.
See accompanying notes to financial statements.*

**CENTRAL PASTORAL OFFICE FOR HISPANIC MINISTRIES
OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)**

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009 (REVIEWED)
(With Comparative Total for the Year Ended December 31, 2008 (AUDITED))**

	2009					2008	
	General Fund	Programs Designated Fund	National Hispanic Assembly Fund	Domingo Rodriguez Scholarship Fund	Ferdinand Garcia Fund	Total	Total
Change in unrestricted net assets							
Support and revenue:							
Contributions	\$ 266,552	\$ 3,075	\$ -0-	\$ -0-	\$ -0-	\$ 269,627	\$ 304,303
Investment return (loss)	3,302	-0-	-0-	715	5,235	9,252	(36,758)
Registration fees	-0-	-0-	-0-	-0-	-0-	-0-	47,291
Other income	1,106	-0-	-0-	-0-	-0-	1,106	3,978
Net assets released from restrictions	-0-	23,145	-0-	-0-	-0-	23,145	34,248
Total support and revenue	270,960	26,220	-0-	715	5,235	303,130	353,062
Expenses:							
Salaries and related benefits	143,990	-0-	-0-	-0-	-0-	143,990	135,040
Board meetings and National Assembly	25,788	-0-	-0-	-0-	-0-	25,788	131,354
Leadership development, lay, and clergy	20,845	8,099	-0-	-0-	-0-	28,944	33,774
Travel expenses	24,639	-0-	-0-	-0-	-0-	24,639	29,811
Administrative charges	20,994	-0-	-0-	-0-	-0-	20,994	22,902
Office expenses	11,770	-0-	-0-	-0-	-0-	11,770	8,931
Depreciation	5,908	-0-	-0-	-0-	-0-	5,908	5,864
Insurance	1,578	-0-	-0-	-0-	-0-	1,578	1,709
Publications	7,997	-0-	-0-	-0-	-0-	7,997	3,954
Women and youth ministries	3,604	15,046	-0-	-0-	-0-	18,650	20,757
Professional fees	13,831	-0-	-0-	-0-	-0-	13,831	2,110
Other	2,773	-0-	-0-	-0-	-0-	2,773	2,169
Total expenses	283,717	23,145	-0-	-0-	-0-	306,862	398,375
Change in unrestricted net assets	(12,757)	3,075	-0-	715	5,235	(3,732)	(45,313)
Change in temporarily restricted net assets							
Contributions	-0-	7,505	2,500	-0-	-0-	10,005	33,209
Investment return (loss)	-0-	-0-	-0-	11,545	9,177	20,722	(23,896)
Net assets released from restrictions	-0-	(23,145)	-0-	-0-	-0-	(23,145)	(34,248)
Change in temporarily restricted net assets	-0-	(15,640)	2,500	11,545	9,177	7,582	(24,935)
Change in permanently restricted net assets							
Contributions	-0-	-0-	-0-	3,535	1,302	4,837	6,749
Bad debts	-0-	-0-	-0-	(549)	(549)	(1,098)	-0-
Change in permanently restricted net assets	-0-	-0-	-0-	2,986	753	3,739	6,749
Total change in net assets	(12,757)	(12,565)	2,500	15,246	15,165	7,589	(63,499)
Net assets, beginning of year	79,414	54,713	-0-	48,159	54,392	236,678	300,177
Board designation of beginning net assets	(3,967)	-0-	-0-	-0-	3,967	-0-	-0-
Net assets, end of year	<u>\$ 62,690</u>	<u>\$ 42,148</u>	<u>\$ 2,500</u>	<u>\$ 63,405</u>	<u>\$ 73,524</u>	<u>\$ 244,267</u>	<u>\$ 236,678</u>

*See report of independent accountants.
See accompanying notes to financial statements.*

**CENTRAL PASTORAL OFFICE FOR HISPANIC MINISTRIES
OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)**

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2008 (AUDITED)**

	General Fund	Programs Designated Fund	National Hispanic Assembly Fund	Domingo Rodriguez Scholarship Fund	Ferdinand Garcia Fund	Total
Change in unrestricted net assets						
Support and revenue:						
Contributions	\$ 286,829	\$ 2,474	\$ 15,000	\$ -0-	\$ -0-	\$ 304,303
Investment loss	(31,775)	-0-	-0-	(715)	(4,268)	(36,758)
Registration fees	-0-	-0-	47,291	-0-	-0-	47,291
Other income	2,817	-0-	1,161	-0-	-0-	3,978
Net assets released from restrictions	<u>758</u>	<u>22,039</u>	<u>11,451</u>	<u>-0-</u>	<u>-0-</u>	<u>34,248</u>
Total support and revenue	258,629	24,513	74,903	(715)	(4,268)	353,062
Expenses:						
Salaries and related benefits	135,040	-0-	-0-	-0-	-0-	135,040
Board meetings and National Assembly	26,150	-0-	105,204	-0-	-0-	131,354
Leadership development, lay, and clergy	19,710	14,064	-0-	-0-	-0-	33,774
Travel expenses	29,811	-0-	-0-	-0-	-0-	29,811
Administrative charges	22,902	-0-	-0-	-0-	-0-	22,902
Office expenses	8,931	-0-	-0-	-0-	-0-	8,931
Depreciation	5,864	-0-	-0-	-0-	-0-	5,864
Bad debts	-0-	-0-	-0-	-0-	-0-	-0-
Insurance	1,709	-0-	-0-	-0-	-0-	1,709
Publications	3,954	-0-	-0-	-0-	-0-	3,954
Women and youth ministries	6,118	14,639	-0-	-0-	-0-	20,757
Professional fees	2,110	-0-	-0-	-0-	-0-	2,110
Other	<u>2,169</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,169</u>
Total expenses	<u>264,468</u>	<u>28,703</u>	<u>105,204</u>	<u>-0-</u>	<u>-0-</u>	<u>398,375</u>
Interfund transfers	<u>(10,313)</u>	<u>-0-</u>	<u>10,313</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Change in unrestricted net assets	(16,152)	(4,190)	(19,988)	(715)	(4,268)	(45,313)
Change in temporarily restricted net assets						
Contributions	758	24,000	8,451	-0-	-0-	33,209
Investment loss	-0-	-0-	-0-	(11,847)	(12,049)	(23,896)
Net assets released from restrictions	<u>(758)</u>	<u>(22,039)</u>	<u>(11,451)</u>	<u>-0-</u>	<u>-0-</u>	<u>(34,248)</u>
Change in temporarily restricted net assets	-0-	1,961	(3,000)	(11,847)	(12,049)	(24,935)
Change in permanently restricted net assets						
Contributions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,983</u>	<u>2,766</u>	<u>6,749</u>
Total change in net assets	(16,152)	(2,229)	(22,988)	(8,579)	(13,551)	(63,499)
Net assets, beginning of year	<u>95,566</u>	<u>56,942</u>	<u>22,988</u>	<u>56,738</u>	<u>67,943</u>	<u>300,177</u>
Net assets, end of year	<u>\$ 79,414</u>	<u>\$ 54,713</u>	<u>\$ -0-</u>	<u>\$ 48,159</u>	<u>\$ 54,392</u>	<u>\$ 236,678</u>

*See report of independent accountants.
See accompanying notes to financial statements.*

**CENTRAL PASTORAL OFFICE FOR HISPANIC MINISTRIES
OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)**

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 (REVIEWED) AND 2008 (AUDITED)**

	2009	2008
Operating activities		
Change in net assets	\$ 7,589	\$ (63,499)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Realized and unrealized (gains) losses on investments	(23,214)	71,241
Loss on the disposal of equipment	289	-0-
Depreciation	5,908	5,864
Bad debts related to contributions receivable	1,098	-0-
Change in unamortized discount on contributions receivable	(145)	(676)
Changes in assets and liabilities		
Contributions receivable	1,310	1,996
Other receivables	128	(215)
Due from related organization	12,988	(3,227)
Accounts payable	(6,415)	2,918
Accrued expenses	(8,000)	(10,548)
Net cash flows from operating activities	(8,464)	3,854
Investing activities		
Capital expenditures	(1,024)	(1,870)
Change in investments	36,979	(23,590)
Net cash flows from investing activities	35,955	(25,460)
Financing activities		
Principal payments under capital lease obligations	(2,515)	(2,321)
Net change in cash	24,976	(23,927)
Cash, beginning of year	15,503	39,430
Cash, end of year	\$ 40,479	\$ 15,503
Supplemental disclosure of cash flow information		
Cash payments for interest	\$ 843	\$ 991

*See report of independent accountants.
See accompanying notes to financial statements.*

CENTRAL PASTORAL OFFICE FOR HISPANIC MINISTRIES OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. NATURE OF ACTIVITIES

The Central Pastoral Office for Hispanic Ministries of the Christian Church (Disciples of Christ) (the "Organization") functions under the direction of and is accountable to the Pastoral Commission for Hispanic Ministries who in turn reports to the Christian Church (Disciples of Christ) (the "Church"). The primary purpose is to provide leadership and resources to the Hispanic and Bilingual congregations of the Church in the United States and Canada in collaboration with other Regions and Units of the Church. A significant portion of the Organization's support comes from Church member congregations and from related Church organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets, support, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that will be met either by specific action of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Expirations of temporary restrictions on net assets (i.e. the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

The Organization still maintains the use of fund accounting for internal recordkeeping purposes. The six funds maintained by the Organization consist of:

General Fund - This fund accounts for support and revenue collected and expenses incurred to support the general operations and programs of the Organization.

Programs Designated Fund - This fund accounts for contributions received to support the Organization's Shepherding the Shepherds, Hispanic Summit, Reconciliation Planning, Border to Border, New Church Ministries Training,

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

Youth and Young Adult Leadership Seminars, and Christian Video Library programs.

National Hispanic Assembly Fund – This fund accounts for registration fees collected and other contributions received to support the National Hispanic Assembly that is held every even year. Any monies collected that exceed related expenses have been designated by the Board to be used to support future assemblies.

Domingo Rodriguez Scholarship Fund – The Organization established this endowment fund to collect gifts to support the Domingo Rodriguez Ministerial Scholarship Fund. Gifts collected are permanently restricted and invested in an account managed by the Christian Church Foundation. Investment return earned on these gifts can be used to fund future scholarships.

Ferdinand Garcia Fund – The Organization established this endowment fund to collect gifts to support the Organization's future operations. Gifts collected are permanently restricted and invested in an account managed by the Christian Church Foundation ("CCF"). Investment return earned on these gifts can be used to support the Organization's general operations. This fund also includes other unrestricted gifts that have been board designated as endowment to be used to support the Organization's future operations and invested in the same account managed by CCF.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from those estimates.

Receivables

Contributions receivable are recognized when the donor makes a pledge to give cash or other assets to the Organization that is, in substance, unconditional. Contributions receivable are recorded at fair value based on estimated future cash flows of the unconditional pledges and are reported net of an allowance for net present value and for uncollectible pledges.

Other receivables arise from the sale or exchange of goods and services such as the sale of t-shirts and videos.

Delinquent receivables are identified based on terms of donor pledges and sales and written off based on specific circumstances of donors and other constituents.

CENTRAL PASTORAL OFFICE FOR HISPANIC MINISTRIES OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

Management estimates an allowance for doubtful receivables based on an evaluation of current economic conditions, historical trends, and past experience with their donors and other constituents. At December 31, 2009 and 2008, management determined that no allowance was necessary.

Due from Related Organization

The due from related organization consists of contributions to be distributed to the Organization by the Office of General Minister and President, the central receiving unit of the Church.

Funds Held for Others

Funds held for others represent assets held by the Organization in a trustee capacity.

Investments and Investment Return

Investments held by the Organization are carried at fair value for financial reporting purposes. Changes in unrealized appreciation or depreciation of those investments are reflected in the Statement of Activities as investment return in the period such changes occur, as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donors to a specified purpose or future period.

Property and Equipment

The Organization capitalizes all significant purchases of property and equipment at cost, including expenditures that substantially increase the useful lives of existing assets. Costs of ordinary maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 5 to 10 years.

Contributions

Contributions, which include unconditional promises to give, are recognized as support in the period the contribution is received or the promise is made. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Income Taxes

The Organization is a not-for-profit organization that is exempt from the payment of Federal income tax under Section 501(c)(3) of the Internal Revenue Code as an integral part of the Christian Church (Disciples of Christ).

Reclassifications

Certain amounts from 2008 have been reclassified herein in order to conform to the 2009 presentation.

Subsequent Events

The Organization evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through May 26, 2010, which is the date the financial statements were available to be issued.

3. CONTRIBUTIONS RECEIVABLE

The Organization has no unconditional contributions receivable at December 31, 2009. Unconditional contributions receivable consisted of the following at December 31, 2008:

Domingo Rodriguez Scholarship Fund	\$ 1,204
Ferdinand Garcia Fund	<u>1,204</u>
Total contributions receivable	2,408
Less unamortized discount at 5%	<u>(145)</u>
Net contributions receivable	<u><u>\$ 2,263</u></u>

Amounts due in:	
Less than one year	\$ 1,796
One to five years	<u>612</u>
	<u><u>\$ 2,408</u></u>

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**NOTES TO FINANCIAL STATEMENTS
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4. INVESTMENTS

Investments are held with related Church organizations and are composed of the following at December 31:

	<u>2009</u>	<u>2008</u>
Board of Church Extension - investment certificates	\$ -0-	\$ 11,359
Christian Church Foundation - pooled investments	<u>185,454</u>	<u>187,860</u>
	<u>\$ 185,454</u>	<u>\$ 199,219</u>

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board Codification provides a comprehensive framework for measuring fair value and expands required disclosures concerning fair value measurements. Specifically, the standard sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs.

The levels within the hierarchy of inputs are as follows:

- Level 1 – Unadjusted quoted prices for identical assets and liabilities in active markets
- Level 2 – Quoted prices for similar assets and liabilities in active markets (other than those included in Level 1) which are observable for the asset or liability, either directly or indirectly
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable

The Organization's investment certificates are considered to be Level 1 investments.

At December 31, 2009 and 2008 approximately 99% and 94% of the Organization's pooled investments are invested in the Common Balanced Fund of the Christian Church Foundation and the remaining balance is invested in a money market fund, respectively. The Common Balanced Fund is invested to provide for an expected return of 7.8% with an inflation rate of 4% and can be converted to cash on a monthly basis. The Common Balanced Fund is not publicly traded and is an investment option that is only available to the ministries of the Christian Church (Disciples of Christ). While many of the underlying investments of the Common Balanced Fund are publicly traded in active markets, the Common Balanced Fund

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**NOTES TO FINANCIAL STATEMENTS
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itself is considered (in its entirety) as a Level 2 investment and the money market fund is considered a Level 1 investment.

The following tabulation summarizes the return on cash and investments during the years ended December 31:

	2009	2008
Interest and dividend income	\$ 6,760	\$ 10,587
Realized and unrealized gains (losses)	23,214	(71,241)
Investment return (loss)	\$ 29,974	\$ (60,654)

The investment return (loss) is reported as follows in the Statements of Activities for the years ended December 31:

	2009	2008
Unrestricted	\$ 9,252	\$ (36,758)
Temporarily restricted	20,722	(23,896)
	\$ 29,974	\$ (60,654)

5. PROPERTY AND EQUIPMENT

Property and equipment primarily consist of office furniture and equipment with a total cost of \$68,691 and \$68,388 and accumulated depreciation totaling \$53,258 and \$47,782 at December 31, 2009 and 2008, respectively.

6. CAPITAL LEASE

The Organization leases a copier under a lease which has been capitalized and is included in property and equipment with a cost of \$15,500 and accumulated depreciation of \$9,300 and \$6,200, respectively, at December 31, 2009 and 2008.

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Future minimum lease payments at December 31, 2009 under the terms of the capital lease are summarized below:

<u>Year Ending December 31,</u>	
2010	\$ 3,312
2011	3,312
2012	<u>2,877</u>
Total minimum lease payments	9,501
Less amount representing interest (8%)	<u>(981)</u>
Present value of minimum lease payments	<u>\$ 8,520</u>

7. LINE OF CREDIT FACILITY

In February 2009, the Organization entered into a \$20,000 line of credit facility available through January 1, 2010 with the Board of Church Extension, an affiliate of the Christian Church (Disciples of Christ). Borrowings bear interest at the Wall Street Journal's prime rate and are unsecured. This credit facility restricts the Organization from incurring any additional indebtedness without the consent of the lender. At December 31, 2009, the Organization has no outstanding line of credit borrowings. This credit facility was not renewed on January 1, 2010.

8. RETIREMENT PLANS

Defined Benefit Plan

All employees of the Organization, who meet certain eligibility requirements, may participate in a defined benefit retirement plan sponsored by the Church. The Organization contributes to the plan 14% of eligible compensation for lay and clergy employees. The Organization made contributions to the plan during the years ended December 31, 2009 and 2008 of \$13,939 and \$13,683, respectively.

403(b) Tax Deferred Retirement Plan

All employees of the Organization, who meet certain eligibility requirements, may participate in a 403(b) tax deferred retirement plan sponsored by the Church. The Organization made contributions on behalf of certain participants to the plan during the years ended December 31, 2009 and 2008 of \$1,440 and \$720, respectively.

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**NOTES TO FINANCIAL STATEMENTS
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9. NET ASSET RESTRICTIONS

Unrestricted, temporarily, and permanently restricted net assets are available for the following purposes at December 31, 2009 and 2008:

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
General operations	\$ 62,690	\$ -0-	\$ -0-	\$ 62,690
Sponsored programs (Programs Designated)	3,885	38,263	-0-	42,148
National Hispanic Assembly	-0-	2,500	-0-	2,500
Scholarships (Domingo Rodriguez)	-0-	11,545	51,860	63,405
Future operations (Ferdinand Garcia)	4,934	9,177	59,413	73,524
	\$ 71,509	\$ 61,485	\$ 111,273	\$ 244,267

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
General operations	\$ 79,414	\$ -0-	\$ -0-	\$ 79,414
Sponsored programs (Programs Designated)	810	53,903	-0-	54,713
Scholarships (Domingo Rodriguez)	(715)	-0-	48,874	48,159
Future operations (Ferdinand Garcia)	(4,268)	-0-	58,660	54,392
	\$ 75,241	\$ 53,903	\$ 107,534	\$ 236,678

10. NET ASSETS RELEASED FROM RESTRICTIONS

During 2009 and 2008, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as noted below:

	2009	2008
Christian Video Library	\$ 5,220	\$ 5,000
Border to Border	-0-	2,400
Youth and Young Adult Leadership Seminar	15,046	14,639
Sherperding the Shepherds	2,879	-0-
National Hispanic Assembly	-0-	11,451
Scholarships	-0-	758
	\$ 23,145	\$ 34,248

CENTRAL PASTORAL OFFICE FOR HISPANIC MINISTRIES OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

11. ENDOWMENT

The Organization's endowment consists of the Domingo Rodriguez Scholarship Fund (a donor restricted fund) and the Ferdinand Garcia Fund (which includes both donor restricted and board designated funds). As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Pastoral Commission for Hispanic Ministries to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Pastoral Commission for Hispanic Ministries has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulations are added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. At December 31, 2008, deficiencies of this nature were reported in unrestricted net assets totaling \$4,983

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and these deficiencies resulted from unfavorable market fluctuations that occurred during 2008. During 2009, the Organization's investments experienced positive market fluctuations and the prior year deficiencies were fully recovered.

Return Objectives and Risk Parameters

The Organization has adopted an investment policy for assets held for endowment that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the fair value of the endowment assets. Assets held for endowment include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Pastoral Commission for Hispanic Ministries, the endowed investments are invested in a manner that is intended to produce a total return which protects the purchasing power of the endowed investments and which allows a spending rate of 4% of average fund value (although the Organization is not currently spending from these endowments). The Organization expects its endowment investments, over time, to provide an average rate of return of approximately 7.8% annually.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization, as it relates to its endowed investments, targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has not established a formal spending policy for its donor-restricted endowment fund and does not intend to establish such a policy until the related investments for each fund grow to \$250,000.

The composition of endowment net assets is as follows at December 31:

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Domingo Rodriguez Scholarship Fund				
Donor restricted	\$ -0-	\$ 11,545	\$ 51,860	\$ 63,405
Ferdinand Garcia Fund				
Donor restricted	-0-	9,177	59,413	68,590
Board designated	4,934	-0-	-0-	4,934
	<u>4,934</u>	<u>9,177</u>	<u>59,413</u>	<u>73,524</u>
	<u>\$ 4,934</u>	<u>\$ 20,722</u>	<u>\$ 111,273</u>	<u>\$ 136,929</u>

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	2008 (Donor Restricted)			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Domingo Rodriguez Scholarship Fund	\$ (715)	\$ -0-	\$ 48,874	\$ 48,159
Ferdinand Garcia Fund	(4,268)	-0-	58,660	54,392
	\$ (4,983)	\$ -0-	\$ 107,534	\$ 102,551

The change in endowment net assets is as follows for the years ended December 31:

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ (4,983)	\$ -0-	\$ 107,534	\$ 102,551
Board designation of net assets	3,967	-0-	-0-	3,967
Contributions	-0-	-0-	4,837	4,837
Bad debts	-0-	-0-	(1,098)	(1,098)
Investment return	5,950	20,722	-0-	26,672
Endowment net assets, end of year	\$ 4,934	\$ 20,722	\$ 111,273	\$ 136,929

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ -0-	\$ 23,896	\$ 100,785	\$ 124,681
Contributions	-0-	-0-	6,749	6,749
Investment return (loss)	(4,983)	(23,896)	-0-	(28,879)
Endowment net assets, end of year	\$ (4,983)	\$ -0-	\$ 107,534	\$ 102,551

12. OTHER RELATED PARTY TRANSACTIONS

In 2009 and 2008, the Organization paid \$22,453 and \$21,659, respectively, in office rent and other administrative services to Christian Church Services, Inc. These services are paid on a month to month basis with no formal agreement. In 2009 and 2008, the Organization reimbursed the Christian Church (Disciples of Christ) Health Care Benefit Trust of the Pension Fund for health benefits totaling \$16,483 and \$18,095 and paid the Division of Overseas Ministries \$3,500 and \$2,272 for treasury contract services, respectively. In 2008, the Organization reimbursed the Office of General Minister and President for salaries totaling \$44,432.

In 2009 and 2008, contributions from the Mission Imperative initiative of the Office of General Minister and President amounted to \$58,165 and \$67,385 and contributions from the Council of General Ministries amounted to \$47,829 and

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\$30,000, respectively. In 2008, the Organization also received a \$3,000 contribution for the National Hispanic Assembly from the Division of Overseas Ministries.

All of the above organizations are affiliated with the Christian Church (Disciples of Christ).

13. FUNCTIONAL EXPENSES

Expenses by program and supporting activities are as follows for the years ended December 31:

	<u>2009</u>	<u>2008</u>
Program services	\$ 161,656	\$ 269,861
Management and general	124,776	107,752
Fundraising	<u>20,430</u>	<u>20,762</u>
	<u>\$ 306,862</u>	<u>\$ 398,375</u>

14. RISKS AND UNCERTAINTIES

The Organization's investments (Note 4) are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

15. CONCENTRATIONS

The Organization maintains its cash in a bank deposit account, which at times may exceed federally insured limits.