



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

FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

CPAs / ADVISORS

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

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REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying statements of financial position of Central Pastoral Office for Hispanic Ministries of the Christian Church (Disciples of Christ) (the "Organization") as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Pastoral Office for Hispanic Ministries of the Christian Church (Disciples of Christ) at December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Blue & Co., LLC

January 29, 2009

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

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006

ASSETS

	2007	2006 (Restated)
Cash	\$ 39,430	\$ 28,007
Contributions receivable, net	3,583	-0-
Other receivables	150	3,825
Due from related organization	22,824	26,827
Funds held for others	14,168	9,656
Investments	246,870	187,765
Property and equipment, net	24,600	26,421
	\$ 351,625	\$ 282,501

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 13,314	\$ 12,608
Accrued expenses	18,548	8,616
Funds held for others	14,168	9,656
Capital lease obligations	13,356	15,885
Total liabilities	59,386	46,765
Net assets		
Unrestricted	124,665	84,917
Temporarily restricted	66,789	66,542
Permanently restricted	100,785	84,277
Total net assets	292,239	235,736
	\$ 351,625	\$ 282,501

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, 2007
(With Comparative Total for the Year Ended December 31, 2006)**

	2007					2006 (Restated)	
	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	\$ 275,031	\$ 5,000	\$ 20,000	\$ -0-	\$ -0-	\$ 300,031	\$ 248,248
Investment return	7,893	-0-	-0-	-0-	3,013	10,906	13,915
Registration fees	-0-	-0-	-0-	-0-	-0-	-0-	19,188
Other income	6,373	-0-	479	-0-	-0-	6,852	7,159
Net assets released from restrictions	<u>122</u>	<u>5,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,122</u>	<u>1,118</u>
Total support and revenue	289,419	10,000	20,479	-0-	3,013	322,911	289,628
Expenses:							
Salaries and related benefits	127,595	-0-	-0-	-0-	-0-	127,595	133,419
Board meetings and National Assembly	28,409	-0-	491	-0-	-0-	28,900	42,141
Leadership development, lay, and clergy	19,630	5,000	-0-	-0-	-0-	24,630	27,718
Travel expenses	32,669	-0-	-0-	-0-	-0-	32,669	23,904
Administrative charges	19,528	-0-	-0-	-0-	-0-	19,528	23,029
Office expenses	8,519	-0-	-0-	-0-	-0-	8,519	7,908
Depreciation	5,804	-0-	-0-	-0-	-0-	5,804	1,946
Bad debts	3,874	-0-	-0-	-0-	-0-	3,874	-0-
Insurance	3,473	-0-	-0-	-0-	-0-	3,473	-0-
Publications	4,907	-0-	-0-	-0-	-0-	4,907	525
Women and youth ministries	3,288	-0-	-0-	-0-	-0-	3,288	2,893
Professional fees	15,081	-0-	-0-	-0-	-0-	15,081	1,873
Other	<u>4,895</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>4,895</u>	<u>1,581</u>
Total expenses	<u>277,672</u>	<u>5,000</u>	<u>491</u>	<u>-0-</u>	<u>-0-</u>	<u>283,163</u>	<u>266,937</u>
Change in unrestricted net assets	11,747	5,000	19,988	-0-	3,013	39,748	22,691
Change in temporarily restricted net assets							
Contributions	122	-0-	3,000	-0-	-0-	3,122	1,118
Investment return	-0-	-0-	-0-	2,247	-0-	2,247	3,110
Net assets released from restrictions	<u>(122)</u>	<u>(5,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(5,122)</u>	<u>(1,118)</u>
Change in temporarily restricted net asse	-0-	(5,000)	3,000	2,247	-0-	247	3,110
Change in permanently restricted net assets							
Contributions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>10,849</u>	<u>5,659</u>	<u>16,508</u>	<u>14,895</u>
Total change in net assets	11,747	-0-	22,988	13,096	8,672	56,503	40,696
Net assets, beginning of year, as restated	<u>75,881</u>	<u>56,942</u>	<u>-0-</u>	<u>43,642</u>	<u>59,271</u>	<u>235,736</u>	<u>195,040</u>
Net assets, end of year	<u>\$ 87,628</u>	<u>\$ 56,942</u>	<u>\$ 22,988</u>	<u>\$ 56,738</u>	<u>\$ 67,943</u>	<u>\$ 292,239</u>	<u>\$ 235,736</u>

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, 2006 (RESTATED)**

	General Fund	Programs Designated Fund	National Hispanic Assembly Fund	Urban Ministries Project Fund	Domingo Rodriguez Scholarship Fund	Ferdinand Garcia Fund	Total
Change in unrestricted net assets							
Support and revenue:							
Contributions	\$ 248,248	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 248,248
Investment return	9,406	-0-	-0-	-0-	-0-	4,509	13,915
Registration fees	-0-	-0-	19,188	-0-	-0-	-0-	19,188
Other income	7,159	-0-	-0-	-0-	-0-	-0-	7,159
Net assets released from restrictions	1,118	-0-	-0-	-0-	-0-	-0-	1,118
Total support and revenue	265,931	-0-	19,188	-0-	-0-	4,509	289,628
Expenses:							
Salaries and related benefits	133,419	-0-	-0-	-0-	-0-	-0-	133,419
Board meetings and National Assembly	15,396	-0-	26,745	-0-	-0-	-0-	42,141
Leadership development, lay, and clergy	10,908	5,615	-0-	11,195	-0-	-0-	27,718
Travel expenses	23,904	-0-	-0-	-0-	-0-	-0-	23,904
Administrative charges	23,029	-0-	-0-	-0-	-0-	-0-	23,029
Office expenses	7,908	-0-	-0-	-0-	-0-	-0-	7,908
Depreciation	1,946	-0-	-0-	-0-	-0-	-0-	1,946
Publications	525	-0-	-0-	-0-	-0-	-0-	525
Women and youth ministries	2,893	-0-	-0-	-0-	-0-	-0-	2,893
Professional fees	1,873	-0-	-0-	-0-	-0-	-0-	1,873
Other	1,581	-0-	-0-	-0-	-0-	-0-	1,581
Total expenses	223,382	5,615	26,745	11,195	-0-	-0-	266,937
Interfund transfers	(681)	-0-	681	-0-	-0-	-0-	-0-
Change in unrestricted net assets	41,868	(5,615)	(6,876)	(11,195)	-0-	4,509	22,691
Change in temporarily restricted net assets							
Contributions	1,118	-0-	-0-	-0-	-0-	-0-	1,118
Investment return	-0-	-0-	-0-	-0-	3,110	-0-	3,110
Net assets released from restrictions	(1,118)	-0-	-0-	-0-	-0-	-0-	(1,118)
Change in temporarily restricted net assets	-0-	-0-	-0-	-0-	3,110	-0-	3,110
Change in permanently restricted net assets							
Contributions	-0-	-0-	-0-	-0-	7,292	7,603	14,895
Total change in net assets	41,868	(5,615)	(6,876)	(11,195)	10,402	12,112	40,696
Net assets, beginning of year	34,013	62,557	6,876	11,195	33,240	47,159	195,040
Net assets, end of year	\$ 75,881	\$ 56,942	\$ -0-	\$ -0-	\$ 43,642	\$ 59,271	\$ 235,736

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, 2007 AND 2006

	2007	2006 (Restated)
Operating activities		
Change in net assets	\$ 56,503	\$ 40,696
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Unrealized gain on investments	(9,812)	(12,175)
Loss on disposal of equipment	-0-	385
Depreciation	5,804	1,946
Bad debts related to other receivables	3,874	-0-
Change in unamortized discount on contributions receivable	821	-0-
Changes in assets and liabilities		
Contributions receivable	(4,404)	-0-
Other receivables	(199)	(890)
Due from related organization	4,003	171
Accounts payable	706	(5,944)
Accrued expenses	9,932	4,774
Net cash flows from operating activities	67,228	28,963
Investing activities		
Capital expenditures	(3,983)	(2,939)
Change in investments	(49,293)	(101,244)
Net cash flows from investing activities	(53,276)	(104,183)
Financing activities		
Principal payments under capital lease obligations	(2,529)	(2,158)
Net change in cash	11,423	(77,378)
Cash, beginning of year	28,007	105,385
Cash, end of year	\$ 39,430	\$ 28,007
Supplemental disclosure of cash flow information		
Cash payments for interest	\$ 1,189	\$ 208
Supplemental disclosure of non-cash investing and financing activities		
Equipment acquired through capital lease obligation	\$ -0-	\$ 15,500

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, 2007 AND 2006

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,

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

Reconciliation Planning, Border to Border, New Church Ministries Training, 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.

Urban Ministries Project Fund – This temporarily restricted fund accounted for a grant received to support the Urban Ministries Project.

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 is reported as temporarily restricted and 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. Investment return earned on these gifts is reported as unrestricted and can be used to support the Organization's general operations.

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.

Significant areas involving the use of estimates and assumptions include the collectability of contributions and accounts receivable, the net present value calculation on contributions receivable, the depreciation of property and equipment, and the functional allocation of expenses.

Receivables

Management estimates an allowance for doubtful receivables based on current economic conditions, historical trends, and past experience with their donors and

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

other constituents. At December 31, 2007 and 2006, 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 Church Finance Council, Inc., 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 market 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
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Federal 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 in the 2006 Statement of Activities have been reclassified herein in order to conform to the 2007 presentation.

3. CONTRIBUTIONS RECEIVABLE

The Organization has recognized all material unconditional promises to give as contributions receivable. Unconditional contributions that are expected to be collected in future years are recorded at their net present value.

There were no unconditional contributions receivable at December 31, 2006. Unconditional contributions receivable consist of the following at December 31, 2007:

Domingo Rodriguez Scholarship Fund	\$ 2,202
Ferdinand Garcia Fund	<u>2,202</u>
Total contributions receivable	4,404
Less unamortized discount at 5%	<u>(821)</u>
Net contributions receivable	<u><u>\$ 3,583</u></u>
Amounts due in:	
Less than one year	\$ 1,996
One to five years	<u>2,408</u>
	<u><u>\$ 4,404</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:

	2007	2006
Board of Church Extension - investment certificates	\$ 10,871	\$ 10,272
Christian Church Foundation - pooled investments	<u>235,999</u>	<u>177,493</u>
	<u>\$ 246,870</u>	<u>\$ 187,765</u>

The market value of investments is provided to the Organization by the related Church organizations. At December 31, 2007, approximately 83% of the Organization's Christian Church Foundation pooled investments are invested in the Common Balanced Fund, with the remaining balance invested in a money market fund.

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

	2007	2006
Interest income	\$ 3,341	\$ 4,850
Unrealized gains	<u>9,812</u>	<u>12,175</u>
Investment return	<u>\$ 13,153</u>	<u>\$ 17,025</u>

The investment return is reported in the Statements of Activities for the years ended December 31:

	2007	2006
Unrestricted	\$ 10,906	\$ 13,915
Temporarily restricted	<u>2,247</u>	<u>3,110</u>
	<u>\$ 13,153</u>	<u>\$ 17,025</u>

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5. PROPERTY AND EQUIPMENT

Property and equipment primarily consist of office furniture and equipment with a total cost of \$66,518 and \$62,535 and accumulated depreciation totaling \$41,918 and \$36,114 at December 31, 2007 and 2006, respectively.

6. CAPITAL LEASES

The Organization leases a copier (and computer equipment in 2006) under leases which have been capitalized and are included in property and equipment with a cost of \$15,500 and \$22,932 and accumulated depreciation of \$3,100 and \$2,768, respectively, at December 31, 2007 and 2006.

Future minimum lease payments at December 31, 2007 under the terms of the capital leases are summarized below:

<u>Year Ending December 31,</u>	
2008	\$ 3,312
2009	3,312
2010	3,312
2011	3,312
2012	<u>2,877</u>
Total minimum lease payments	16,125
Less amount representing interest (8%)	<u>(2,769)</u>
Present value of minimum lease payments	<u>\$ 13,356</u>

7. 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 will contribute 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, 2007 and 2006 of \$11,869 and \$9,645, respectively.

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NOTES TO FINANCIAL STATEMENTS
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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, 2007 and 2006 of \$1,320 and \$1,200, respectively.

8. NET ASSET RESTRICTIONS

Unrestricted, temporarily, and permanently restricted net assets are available for the following purposes at December 31, 2007 and 2006:

	2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
General operations	\$ 87,628	\$ -0-	\$ -0-	\$ 87,628
Sponsored programs (Programs Designated)	5,000	51,942	-0-	56,942
National Hispanic Assembly	19,988	3,000	-0-	22,988
Scholarships (Domingo Rodriguez)	-0-	11,847	44,891	56,738
Future operations (Ferdinand Garcia)	12,049	-0-	55,894	67,943
	\$ 124,665	\$ 66,789	\$ 100,785	\$ 292,239
	2006 (Restated)			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
General operations	\$ 75,881	\$ -0-	\$ -0-	\$ 75,881
Sponsored programs (Programs Designated)	-0-	56,942	-0-	56,942
Scholarships (Domingo Rodriguez)	-0-	9,600	34,042	43,642
Future operations (Ferdinand Garcia)	9,036	-0-	50,235	59,271
	\$ 84,917	\$ 66,542	\$ 84,277	\$ 235,736

9. NET ASSETS RELEASED FROM RESTRICTIONS

During 2007 and 2006, temporarily restricted net assets totaling \$5,122 and \$1,118, respectively, were released to fund scholarships and Shepherding the Shepherds.

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NOTES TO FINANCIAL STATEMENTS
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10. RESTATEMENT

The accompanying financial statements for the year ended December 31, 2006 have been restated to increase the General Fund's board meetings and National Assembly expense and increase accounts payable by \$8,070 for errors previously made in recording expenses related to the 2006 Hispanic Caucus.

11. OTHER RELATED PARTY TRANSACTIONS

In 2007 and 2006, the Organization paid \$23,672 and \$25,275, 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 2007 and 2006, the Organization reimbursed the Office of General Minister and President for salaries totaling \$90,346 and \$92,613, respectively, and the Christian Church (Disciples of Christ) Health Care Benefit Trust of the Pension Fund for health benefits totaling \$22,846 and \$17,545, respectively. Contributions from the Mission Imperative initiative of the Office of General Minister and President amounted to \$72,720 and \$68,077 for 2007 and 2006, respectively. Contributions from the Council of General Ministries amounted to \$25,000 for 2007. All of these organizations are affiliated with the Christian Church (Disciples of Christ).

12. FUNCTIONAL EXPENSES

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

	<u>2007</u>	<u>2006 (Restated)</u>
Program services	\$ 118,432	\$ 131,627
Fundraising	100,671	81,167
Management and general	64,060	54,143
	<u>\$ 283,163</u>	<u>\$ 266,937</u>

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13. 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.

14. CONCENTRATIONS

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