

**Council on Christian Unity of the Christian Church
(Disciples of Christ)**

Accountant's Report and Financial Statements

December 31, 2008 and 2007

**Council on Christian Unity of the Christian Church
(Disciples of Christ)
December 31, 2008 and 2007**

Contents

Independent Accountant's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	5
Notes to Financial Statements	6

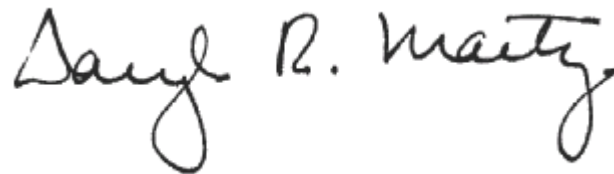
Accountant's Review Report

Board of Directors
Council on Christian Unity of the Christian Church
(Disciples of Christ)
Indianapolis, Indiana

I have reviewed the accompanying statement of financial position of Council on Christian Unity of the Christian Church (Disciples of Christ) as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years 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 Council on Christian Unity of the Christian Church (Disciples of Christ).

A review consists principally of inquiries of company 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, I do not express such an opinion.

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



April 22, 2009

**Council on Christian Unity of the Christian Church
(Disciples of Christ)
Statements of Financial Position
December 31, 2008 and 2007**

	2008	2007
Assets		
Cash	\$ 3,840	\$ 14,986
Disciples Mission Fund receivable	21,949	22,277
Other receivables	23,897	23,332
Prepaid expenses	1,109	3,146
Investments	541,726	780,772
Furniture and equipment	2,448	1,002
Total assets	\$ 594,969	\$ 845,515
Liabilities		
Accounts payable and accrued expenses	\$ 12,995	\$ 32,644
Postretirement healthcare liability	11,542	11,450
Total liabilities	24,537	44,094
Net Assets		
Unrestricted	137,883	290,870
Temporarily restricted	296,499	374,501
Permanently restricted	136,050	136,050
Total net assets	570,432	801,421
Total liabilities and net assets	\$ 594,969	\$ 845,515

**Council on Christian Unity of the Christian Church
(Disciples of Christ)
Statements of Activities
Years Ended December 31, 2008 and 2007**

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, Gains and Other Support				
Disciples Mission Fund	\$ 158,206	\$ -	\$ -	\$ 158,206
Capital contributions	445	-	-	445
Contributions (including Christian Church Foundation distributions)	65,191	42,997	-	108,188
Call to Unity income	784	-	-	784
Investment return designated for current operations	24,864	9,867	-	34,731
General Assembly dinner	-	-	-	-
Change in beneficial interest in assets held at Christian Church Foundation	-	-	-	-
Other income	15,406	-	-	15,406
	<u>264,896</u>	<u>52,864</u>	<u>-</u>	<u>317,760</u>
Net assets released from restrictions	48,246	(48,246)	-	-
Total revenues, gains and other support	<u>313,142</u>	<u>4,618</u>	<u>-</u>	<u>317,760</u>
Expenses and Losses				
Salaries	97,664	-	-	97,664
Benefits and payroll taxes	40,403	-	-	40,403
	<u>138,067</u>	<u>-</u>	<u>-</u>	<u>138,067</u>
Travel, meals and entertainment	16,385	-	-	16,385
Postage	2,727	-	-	2,727
Printing	354	-	-	354
Depreciation	831	-	-	831
Rent/occupancy	15,736	-	-	15,736
Telephone/communications	2,096	-	-	2,096
Supplies	3,401	-	-	3,401
Interest	-	-	-	-
Professional fees	18,641	-	-	18,641
Miscellaneous	2,600	-	-	2,600
Insurance	2,187	-	-	2,187
Contributions	5,925	-	-	5,925
Publications	8,173	-	-	8,173
Meetings - administrative	12,004	-	-	12,004
Meetings - programmatic	38,611	-	-	38,611
Scholarships	562	-	-	562
Fundraising	32	-	-	32
Total expenses and losses	<u>268,332</u>	<u>-</u>	<u>-</u>	<u>268,332</u>
Change in Net Assets From Operations	44,810	4,618	-	49,428
Other Changes				
Investment return in excess amounts designated for current operations	(197,798)	(82,620)	-	(280,418)
Change in Net Assets	(152,988)	(78,002)	-	(230,990)
Net Assets, Beginning of Year	<u>290,871</u>	<u>374,501</u>	<u>136,050</u>	<u>801,422</u>
Net Assets, End of Year	<u>\$ 137,883</u>	<u>\$ 296,499</u>	<u>\$ 136,050</u>	<u>\$ 570,432</u>

2007			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 162,338	\$ -	\$ -	\$ 162,338
495	-	-	495
			-
79,007	19,222	-	98,229
1,733	-	-	1,733
			-
27,407	10,207	-	37,614
11,525	-	-	11,525
			-
-	-	(15,504)	(15,504)
9,502	-	-	9,502
<u>292,007</u>	<u>29,429</u>	<u>(15,504)</u>	<u>305,932</u>
46,812	(46,812)	-	-
<u>338,819</u>	<u>(17,383)</u>	<u>(15,504)</u>	<u>305,932</u>
114,625	-	-	114,625
73,195	-	-	73,195
<u>187,820</u>	<u>-</u>	<u>-</u>	<u>187,820</u>
15,893	-	-	15,893
4,151	-	-	4,151
-	-	-	-
1,005	-	-	1,005
15,662	-	-	15,662
3,135	-	-	3,135
1,831	-	-	1,831
1,188	-	-	1,188
13,213	-	-	13,213
2,555	-	-	2,555
692	-	-	692
15,073	-	-	15,073
30,330	-	-	30,330
4,619	-	-	4,619
31,119	-	-	31,119
10,873	-	-	10,873
-	-	-	-
<u>339,159</u>	<u>-</u>	<u>-</u>	<u>339,159</u>
(340)	(17,383)	(15,504)	(33,227)
-	-	-	-
(340)	(17,383)	(15,504)	(33,227)
<u>291,210</u>	<u>391,884</u>	<u>151,554</u>	<u>834,648</u>
<u>\$ 290,870</u>	<u>\$ 374,501</u>	<u>\$ 136,050</u>	<u>\$ 801,421</u>

**Council on Christian Unity of the Christian Church
(Disciples of Christ)
Statements of Cash Flows
Years Ended December 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Operating Activities		
Change in net assets	\$ (230,990)	\$ (33,227)
Items not requiring (providing) cash		
Depreciation	831	1,005
Net realized and unrealized losses (gains) on investments	280,418	3,250
Changes in		
Receivables	(237)	(7,587)
Prepaid expenses	2,037	(691)
Beneficial interest in assets held at Christian Church Foundation	-	15,504
Deferred income	-	(585)
Accounts payable and other liabilities	(19,557)	(10,326)
Net cash provided by (used in) operating activities	<u>32,502</u>	<u>(32,657)</u>
Investing Activities		
Purchase of furniture and equipment	(2,277)	-
Purchase of investments	(157,692)	(1,719)
Sales and maturities of investments	116,321	55,944
Net cash provided by (used in) investing activities	<u>(43,648)</u>	<u>54,225</u>
Financing Activity - reduction in long-term debt	<u>-</u>	<u>(15,520)</u>
Net Increase (Decrease) in Cash	(11,146)	6,048
Cash, Beginning of Year	<u>14,986</u>	<u>8,938</u>
Cash, End of Year	<u>\$ 3,840</u>	<u>\$ 14,986</u>
Supplemental Cash Flows Information		
Interest paid	\$ -	\$ 872

**Council on Christian Unity of the Christian Church
(Disciples of Christ)
Notes to Financial Statements
December 31, 2008 and 2007**

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Council on Christian Unity (Council) was chartered and incorporated as a not-for-profit organization in 1910, under the laws of the State of Maryland. The Council was incorporated as a nonprofit organization in October 1967 under the laws of the State of Indiana. As a general administrative unit, the Council promotes and develops visible Christian unity among the churches in the United States and Canada and in other countries throughout the world through prayer, unity conferences, dialogues and official proposals, lectures, study and publications. Particular attention is given to the ecumenical spirit of the Christian Church (Disciples of Christ).

Use of 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 the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Temporarily and Permanently Restricted Net Assets

The temporarily restricted net asset class includes assets of the Council related to gifts with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. The permanently restricted net asset class includes assets of the Council for which the donor has stipulated that the contribution be maintained in perpetuity.

Investments

Investments are carried at fair value. Realized and unrealized gains and losses are included in the statements of activities.

Income Taxes

By virtue of its inclusion in the group exemption ruling of the Christian Church (Disciples of Christ), the Council is exempt from federal income taxes under Section 501(c)(3) of the U. S. Internal Revenue Code. The Council is not considered to be a private foundation.

Furniture and Equipment

Expenditures for furniture and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost and depreciated on the straight-line method over their estimated useful lives, which is generally five years.

**Council on Christian Unity of the Christian Church
(Disciples of Christ)
Notes to Financial Statements
December 31, 2008 and 2007**

Support and Revenue

The Council 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 purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Council reports the support as unrestricted.

Expense Allocation

Expenses have been classified as program services, management and general, and fund raising based on the actual direct expenditures and cost allocations based upon estimates of time spent by Council personnel.

Note 2: Affiliated Organizations

The Church consists of general administrative units and other organizations which are individually incorporated and function separately with their own Boards of Directors. As such, each entity is independent and is responsible for its own personnel policies, financial matters, program activities and other corporate matters which are affiliated by the common cause of the Church. Below is a list of the various affiliated organizations of the Christian Church (Disciples of Christ).

Christian Board of Publication	Disciples Home Missions
Christian Church Foundation	Division of Overseas Ministries
Church Extension	Disciples Benevolent Services
Council on Christian Unity	Office of General Minister and
Disciples of Christ Historical Society	President of the Christian Church
Higher Education Leadership Ministries	Pension Fund of the Christian Church

In addition, the Council is affiliated with other organizations as listed in the Annual Yearbook and Directory of the Christian Church (Disciples of Christ).

Note 3: Investments and Investment Return

The market values of the Council's investments are as follows:

	2008	2007
Certificates of deposit - Church Extension	\$ 35,806	\$ 12,471
Common stock	-	-
Joint Investment Trust of the Christian Church Foundation, Inc. - Beasley Growth Fund	505,920	768,301
	\$ 541,726	\$ 780,772

**Council on Christian Unity of the Christian Church
(Disciples of Christ)
Notes to Financial Statements
December 31, 2008 and 2007**

The asset mix of the Beasley Growth Fund of the Joint Investment Trust of the Christian Church Foundation, Inc. at December 31, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Large cap equities	32%	32%
Large cap value equities	0%	0%
Mid cap value equities	10%	10%
Small cap growth equities	9%	9%
International equities	18%	20%
Intermediate duration bonds	9%	10%
World bonds	12%	11%
Alternative investments	7%	6%
Church Extension investment notes	3%	2%
	<u>100%</u>	<u>100%</u>

Funds held in the Joint Investment Trust of the Christian Church Foundation, Inc. – Beasley Growth Fund consist of donor-restricted funds subject to the restriction of gift instruments requiring in perpetuity that the principal be invested and only the income be utilized. Also included in these investments are funds, designated by the Board of Directors, for the same purposes as donor-restricted funds. These funds, however, are included in the unrestricted net assets of the Council. As of December 31, 2008, donor restricted investments of approximately \$102,504 were less than net assets from donor imposed permanent restrictions of \$136,050. Therefore, at December 31, 2008, the Council is approximately \$33,546 short of maintaining sufficient endowment assets due to incurred investment losses as a result of poor investment market conditions.

Total investment return is comprised of the following:

	<u>2008</u>	<u>2007</u>
Interest and dividend income	\$ 34,731	\$ 40,866
Net realized and unrealized gains (losses) on investments reported at fair value	<u>(280,418)</u>	<u>(3,252)</u>
	<u>\$ (245,687)</u>	<u>\$ 37,614</u>

**Council on Christian Unity of the Christian Church
(Disciples of Christ)
Notes to Financial Statements
December 31, 2008 and 2007**

Note 4: Beneficial Interest in Assets Held at Christian Church Foundation

As part of its ministry, the Christian Church Foundation (CCF) receives and holds assets that are restricted by the resource provider for the benefit of organizations affiliated with the Christian Church (Disciples of Christ), including the Council. During 2006, the Council was notified of its interest in a fund held at CCF. The CCF determined that the Council should not account for the beneficial interest as a Council asset in 2007 causing the Council to reverse the 2006 income in 2007.

Note 5: Furniture and Equipment

The Council's furniture and equipment are as follows:

	2008	2007
Furnishings	\$ 19,155	\$ 19,155
Leasehold improvements	2,277	-
Computer equipment	3,351	5,151
Other office equipment	6,365	6,990
	31,148	31,296
Accumulated depreciation	(28,700)	(30,294)
	\$ 2,448	\$ 1,002

Note 6: Line of Credit

The Council has a \$100,000 revolving line of credit with Church Extension expiring January 1, 2010. At December 31, 2008 and 2007, there were no outstanding borrowings. The line is unsecured. Interest varies with the Church Extension's prime rate plus 1%.

Note 7: Notes Payable – Office of General Minister and President

In 1994, the Council assumed 2.56% of the liability on a line of credit for construction of new facilities that the Office of the General Minister and President had with Church Extension. In 1995, the Council assumed an additional portion of the liability consisting of interest on the line of credit for part of 1995. The line matured July 1, 1995, at which time it was converted to a 15-year note, at an interest rate of 8.25% at December 31, 2007 and 2006. The Council makes monthly payments of \$600, including interest, to the Office of the General Minister and President. The Council repaid the balance of the debt in 2007.

Note 8: Leases

The Council has provided, along with certain other affiliated organizations, a guaranty of a lease agreement entered into by Christian Church Services, Inc. As a guarantor for its prorata share of the obligation, the Council subleases operating facilities from Christian Church Services, Inc. under an operating lease arrangement. The lease commenced February 15, 1995 and expires July 14, 2010. The lease also provides an option to extend the lease for two additional five-year terms, the first of which was

**Council on Christian Unity of the Christian Church
(Disciples of Christ)
Notes to Financial Statements
December 31, 2008 and 2007**

exercised, making the expiration July, 2016. Additionally, the lease provides for additional rent to cover certain operating costs, which is calculated annually and added to the base rent. Rental expense for this lease included in the statements of activities for the years ended December 31, 2008 and 2007 was \$15,776 and \$15,652.

Future minimum annual base rent payments under the operating lease are as follows:

2009	\$	16,000
2010		16,000
2011		16,000
2012		16,000
2013		16,000
		<u>16,000</u>
	<u>\$</u>	<u>80,000</u>

Note 9: Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Joe E. and Nancy Vaughn Stalcup Lecture on Christian Unity	\$ 30,766	\$ 23,951
Stalcup Visioning Conference	58,843	52,546
Ecumenical formation and programming for congregations	18,443	48,206
Goodrich scholarship fund	55,411	50,296
Peter Ainslie lectureship	98,091	137,071
Bossey scholarships	20,445	34,893
CCU Mapping	-	3,038
Hispanic Summer Program	9,500	9,500
Compassion Unity Reconciliation & Justice	5,000	5,000
Consultation on Christian Unity in the 21st Century	-	10,000
	<u>\$ 296,499</u>	<u>\$ 374,501</u>

Note 10: Permanently Restricted Net Assets

Income from permanently restricted net assets of \$136,050 and \$136,050 as of December 31, 2008 and 2007, consisting of various named endowment funds and the Council's beneficial interest in assets held at Christian Church Foundation, is expendable to support any activity of the organization. Based upon the Council's interpretation of state law, and unless otherwise stipulated by the donor, all investment income is recorded as an increase or decrease to unrestricted net assets.

**Council on Christian Unity of the Christian Church
(Disciples of Christ)
Notes to Financial Statements
December 31, 2008 and 2007**

Note 11: Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2008</u>	<u>2007</u>
Joe E. and Nancy Vaughn Stalcup Lecture on Christian Unity	\$ -	\$ 5,231
CCU Mapping	3,038	457
Ainslie lecture		391
Ecumenical formation and programming for congregations	29,763	29,860
Bossey Scholarships	560	10,873
Consultation on Christian Unity in the 21st Century	<u>14,885</u>	<u>-</u>
	<u>\$ 48,246</u>	<u>\$ 46,812</u>

Note 12: Postretirement Plan

The Council provides postretirement health care coverage to certain eligible retirees through its participation in the Churchwide defined-benefit health plan, the Christian Church (Disciples of Christ) Health Care Benefit Trust, administered by the Pension Fund of the Christian Church, an affiliated organization. An eligible retiree is an employee hired before January 1, 1985 who retires from active service with the Council.

The Council funds benefit costs for active employees on a pay-as-you-go basis, and, for 2008 and 2007, the Council made benefit payments to the Churchwide health plan, totaling \$23,526 and \$43,607. The Council expects to contribute \$22,410 in 2009 to the health plan for active employees.

At December 31, 2008 and 2007, the accumulated postretirement benefit obligation for retirees was \$11,542 and \$11,450. This liability was calculated based upon a fixed payment by the Council of \$100 per month.

The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 7%. The liability does not include a rate of increase in the per capita cost since the plan specifies a fixed monthly obligation of \$100 which cannot be affected by increases in the per capita cost.

Note 13: Pension Plan

All employees of the Council, who meet certain eligibility requirements, participate in a defined-contribution retirement plan of the Pension Fund of the Christian Church (Disciples of Christ). Contributions are paid monthly to the plan and are 14% of the base salaries of employees participating in the plan. Pension expense for 2008 and 2007 was \$12,405 and \$21,376, respectively.

**Council on Christian Unity of the Christian Church
(Disciples of Christ)
Notes to Financial Statements
December 31, 2008 and 2007**

Note 14: Functional Expenses

The functional expense allocation of the Council is as follows:

	2008	2007
Program Services		
Local and regional	\$ 35,151	\$ 33,094
Churches Uniting in Christ	20,862	35,196
International Dialogues	10,907	13,811
Ecumenical Dialogues	22,131	25,337
World Council of Churches	15,080	16,717
National Council of Churches	5,847	4,905
Theological studies	2,677	2,626
Publications	19,375	25,054
General church	5,455	27,362
Boards and commissions	14,542	18,415
Bossey scholarship	2,378	13,175
Lectures: Ainslie and Stalcup	5,455	6,906
	159,860	222,598
Supporting Services		
Management and general	84,810	85,774
Fundraising expense	23,662	30,787
	108,472	116,561
Total expense	\$ 268,332	\$ 339,159

Note 15: Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Approximately 50% and 48% of the total revenue for the years ended December 31, 2008 and 2007 was received from the Disciples Mission Fund.