

**Division of Overseas Ministries
of the Christian Church (Disciples of Christ), Inc.**

Accountants' Report and Financial Statements

December 31, 2008 and 2007

**Division of Overseas Ministries
of the Christian Church (Disciples of Christ), Inc.**
December 31, 2008 and 2007

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Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Directors
Division of Overseas Ministries
of the Christian Church (Disciples of Christ), Inc.
Indianapolis, Indiana

We have audited the accompanying statements of financial position of Division of Overseas Ministries of the Christian Church (Disciples of Christ), Inc. (DOM) as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of DOM'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 Division of Overseas Ministries of the Christian Church (Disciples of Christ), Inc. as of December 31, 2008 and 2007, 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.

As discussed in Notes 9 and 13, DOM changed its method of recognition of classifications of net assets comprising donor-restricted endowment funds and also changed its method of accounting for fair value measurements in accordance with Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, in 2008.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BKD, LLP

March 16, 2009

**Division of Overseas Ministries
of the Christian Church (Disciples of Christ), Inc.**
Statements of Financial Position
December 31, 2008 and 2007

Assets

	2008	2007 (As Adjusted - Note 9)
Cash and cash equivalents	\$ 2,564,831	\$ 2,490,408
Receivables	525,040	592,536
Prepaid expenses	8,682	7,842
Investments	10,882,034	16,512,188
Furniture and equipment - net of accumulated depreciation of \$253,355 and \$265,742	18,193	26,734
Beneficial interest in assets held by Christian Church Foundation	720,810	995,516
Interest in United Christian Missionary Society	15,300,585	23,568,036
	<hr/>	<hr/>
Total assets	\$ 30,020,175	\$ 44,193,260
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Liabilities

Missionary deposits	\$ 650	\$ 2,705
Accounts payable and accrued expenses	32,679	31,105
Capital lease obligation	3,227	6,975
Wider Church Ministries	315,530	202,995
Amounts held for others	74,405	115,183
Annuities payable	16,662	17,205
Postretirement healthcare liability	114,132	123,459
	<hr/>	<hr/>
Total liabilities	557,285	499,627
	<hr/> <hr/>	<hr/> <hr/>

Net Assets

Unrestricted		
Budget fund	368,014	177,984
Special fund	2,712,686	2,965,950
Annuity fund	21,427	48,628
Capital	201,560	205,017
Board restricted endowment fund	9,604,335	14,941,362
	<hr/>	<hr/>
Total	12,908,022	18,338,941
	<hr/> <hr/>	<hr/> <hr/>
Temporarily Restricted		
Special fund	-	30,187
Capital fund	1,600	-
Endowment fund	-	229,080
Interest in United Christian Missionary Society	12,081,407	20,233,131
	<hr/>	<hr/>
Total	12,083,007	20,492,398
	<hr/> <hr/>	<hr/> <hr/>
Permanently Restricted		
Endowment fund	531,873	531,873
Beneficial interest in assets held by Christian Church Foundation	720,810	995,516
Interest in United Christian Missionary Society	3,219,178	3,334,905
	<hr/>	<hr/>
Total	4,471,861	4,862,294
Total net assets	29,462,890	43,693,633
	<hr/> <hr/>	<hr/> <hr/>
Total liabilities and net assets	\$ 30,020,175	\$ 44,193,260
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**Division of Overseas Ministries
of the Christian Church (Disciples of Christ), Inc.**

**Statements of Activities
Years Ended December 31, 2008 and 2007**

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue, Gains and Other Support				
Disciples Mission Fund Distributions from OGMP -				
Treasury Services	\$ 1,624,201	\$ -	\$ -	\$ 1,624,201
Other offerings and contributions	1,562,230	-	-	1,562,230
Offerings - Week of Compassion	597,020	-	-	597,020
Distributions from United Christian Missionary				
Society	1,128,761	-	-	1,128,761
Wider Church Ministries	1,466,547	-	-	1,466,547
Contributions and bequests	885,747	-	-	885,747
Investment income	703,767	47,083	-	750,850
	<u>7,968,273</u>	<u>47,083</u>	<u>-</u>	<u>8,015,356</u>
Net assets released from restrictions	39,473	(39,473)	-	-
Total revenue, gains and other support	<u>8,007,746</u>	<u>7,610</u>	<u>-</u>	<u>8,015,356</u>
Expenses				
Program expenses				
Mission Personnel Office	591,800	-	-	591,800
Africa	1,859,634	-	-	1,859,634
East Asia and Pacific	825,674	-	-	825,674
Latin America and Caribbean	1,468,335	-	-	1,468,335
Middle East/Europe	586,062	-	-	586,062
Southern Asia	609,326	-	-	609,326
General program	565,167	-	-	565,167
Capital and New Church	28,333	-	-	28,333
Total program expenses	<u>6,534,331</u>	<u>-</u>	<u>-</u>	<u>6,534,331</u>
General and administrative	952,189	-	-	952,189
Resource development	351,177	-	-	351,177
Total expenses	<u>7,837,697</u>	<u>-</u>	<u>-</u>	<u>7,837,697</u>
Change in Net Assets Before Other Changes	<u>170,049</u>	<u>7,610</u>	<u>-</u>	<u>177,659</u>
Other Changes				
Change in interest in United Christian Missionary				
Society	-	(8,151,724)	(115,727)	(8,267,451)
Change in beneficial interest in assets held by CCF	-	-	(274,706)	(274,706)
Realized and unrealized gains (losses) on				
investments	(5,573,767)	(265,277)	-	(5,839,044)
Change in value of split-interest agreements	(27,201)	-	-	(27,201)
	<u>(5,600,968)</u>	<u>(8,417,001)</u>	<u>(390,433)</u>	<u>(14,408,402)</u>
Change in Net Assets Before Reclassification	<u>(5,430,919)</u>	<u>(8,409,391)</u>	<u>(390,433)</u>	<u>(14,230,743)</u>
Change in Accounting Principle	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>(5,430,919)</u>	<u>(8,409,391)</u>	<u>(390,433)</u>	<u>(14,230,743)</u>
Net Assets, Beginning of Year	<u>18,338,941</u>	<u>20,492,398</u>	<u>4,862,294</u>	<u>43,693,633</u>
Net Assets, End of Year	<u>\$ 12,908,022</u>	<u>\$ 12,083,007</u>	<u>\$ 4,471,861</u>	<u>\$ 29,462,890</u>

2007 (As Adjusted - Note 9)			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 1,677,048	\$ -	\$ -	\$ 1,677,048
2,078,607	-	-	2,078,607
629,538	-	-	629,538
973,334	-	-	973,334
1,632,199	-	-	1,632,199
971,096	-	13,273	984,369
898,452	55,933	-	954,385
<u>8,860,274</u>	<u>55,933</u>	<u>13,273</u>	<u>8,929,480</u>
43,253	(43,253)	-	-
<u>8,903,527</u>	<u>12,680</u>	<u>13,273</u>	<u>8,929,480</u>
669,622	-	-	669,622
2,166,237	-	-	2,166,237
610,413	-	-	610,413
1,433,370	-	-	1,433,370
567,269	-	-	567,269
684,366	-	-	684,366
591,448	-	-	591,448
27,626	-	-	27,626
<u>6,750,351</u>	<u>-</u>	<u>-</u>	<u>6,750,351</u>
841,453	-	-	841,453
293,990	-	-	293,990
<u>7,885,794</u>	<u>-</u>	<u>-</u>	<u>7,885,794</u>
<u>1,017,733</u>	<u>12,680</u>	<u>13,273</u>	<u>1,043,686</u>
-	313,347	282,778	596,125
-	-	11,095	11,095
98,973	-	5,624	104,597
(18,168)	-	-	(18,168)
<u>80,805</u>	<u>313,347</u>	<u>299,497</u>	<u>693,649</u>
1,098,538	326,027	312,770	1,737,335
-	17,622,018	(17,622,018)	-
1,098,538	17,948,045	(17,309,248)	1,737,335
<u>17,240,403</u>	<u>2,544,353</u>	<u>22,171,542</u>	<u>41,956,298</u>
<u>\$ 18,338,941</u>	<u>\$ 20,492,398</u>	<u>\$ 4,862,294</u>	<u>\$ 43,693,633</u>

**Division of Overseas Ministries
of the Christian Church (Disciples of Christ), Inc.**

**Statements of Cash Flows
Years Ended December 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Operating Activities		
Change in net assets	\$ (14,230,743)	\$ 1,737,335
Items not requiring (providing) cash		
Depreciation	10,580	17,759
Realized and unrealized (gains) losses on investments	5,839,044	(104,597)
Loss on disposal of furniture and equipment	7,250	1,380
Deferred retirement expense	(9,327)	(10,035)
Changes in		
Receivables	67,496	(123,916)
Prepaid expenses	(840)	(376)
Beneficial interest in assets held by CCF	274,706	(11,095)
Interest in United Christian Missionary Society	8,267,451	(596,125)
Missionary deposits	(2,055)	(7,492)
Accounts payable and accrued expenses	1,574	(11,084)
Wider Church Ministries payable	112,535	(56,870)
Annuities payable	(543)	(1,250)
Amounts held for others	-	2,769
Net cash provided by operating activities	<u>337,128</u>	<u>836,403</u>
Investing Activities		
Purchase of office equipment	(9,289)	(5,424)
Purchase of investments	(264,160)	(1,331,712)
Sales and maturities of investments	14,492	23,150
Net cash used in investing activities	<u>(258,957)</u>	<u>(1,313,986)</u>
Financing Activity - payment on capital lease	<u>(3,748)</u>	<u>(3,617)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	74,423	(481,200)
Cash and Cash Equivalents, Beginning of Year	<u>2,490,408</u>	<u>2,971,608</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,564,831</u>	<u>\$ 2,490,408</u>

Division of Overseas Ministries of the Christian Church (Disciples of Christ), Inc.

Notes to Financial Statements December 31, 2008 and 2007

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

Nature of Operations

The Division of Overseas Ministries of the Christian Church (Disciples of Christ), Inc. (DOM) was incorporated and commenced operations as a not-for-profit organization on January 29, 1973, under the laws of the State of Indiana. DOM is a general administrative unit of the Christian Church (Disciples of Christ) (Church) and is responsible for overseas personnel, relationships with churches, and ecumenical organizations and for global mission issues and interpretation.

The College of Missions was formed around 1909 to train missionaries for overseas service. Over the years, its function has evolved to provide educational and cross-cultural opportunities that enable pastors, teachers of the Christian faith and Christian lay persons to understand global ministries. The College of Missions supported educational and cross-cultural opportunities for a total of \$6,238 in 2008 and \$5,908 in 2007. The activities of the College of Missions are included in the financial statements of DOM.

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.

Cash and Cash Equivalents

DOM considers all liquid investments with original maturities of three months or less to be cash equivalents. DOM's cash equivalents consist of money market mutual funds. Effective September 19, 2008, the U.S. Treasury has guaranteed certain money market mutual funds at the lesser of the amount held at September 19, 2008 or the current balance. This program terminates April 30, 2009. At December 31, 2008, the amount held in the money market mutual fund exceeded the federally insured amount by approximately \$373,000.

Investments and Investment Return

Investments in the Beasley Growth Fund and Common Balanced Fund of the Joint Investment Trust of the Christian Church Foundation, Inc. are carried at fair value. Investment return includes dividend, interest and realized and unrealized gains and losses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Division of Overseas Ministries of the Christian Church (Disciples of Christ), Inc.

Notes to Financial Statements December 31, 2008 and 2007

Furniture and Equipment

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 range from five to ten years.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by DOM has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by DOM in perpetuity.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor 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. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Income Taxes

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

In accordance with Financial Accounting Standards Board (FASB) Staff Position No. FIN 48-3, DOM has elected to defer the effective date of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, until its fiscal year ended December 31, 2009. DOM has continued to account for any uncertain tax positions in accordance with literature that was authoritative immediately prior to the effective date of FIN 48, such as FASB Statement No. 109, *Accounting for Income Taxes*, and FAS Statement No. 5, *Accounting for Contingencies*.

Division of Overseas Ministries of the Christian Church (Disciples of Christ), Inc.

Notes to Financial Statements December 31, 2008 and 2007

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program services, general and administrative and resource development categories based on the actual direct expenditures and cost allocations based upon estimates of time spent by DOM personnel.

Reclassifications

Certain reclassifications have been made to the 2007 financial statements to conform to the 2008 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Affiliated Organizations

The Church includes all those organizations that are listed in the Annual Yearbook and Directory of the Christian Church (Disciples of Christ) (Yearbook). Most of these organizations are individually incorporated with their own board of directors. Individual Church entities are generally independent and are responsible for their own personnel policies, financial matters, program activities and other corporate matters which are affiliated by the common cause of the Church. All organizations included in the Yearbook are considered ministry partners affiliated with DOM.

Note 3: Receivables

Receivables at December 31 are as follows:

	2008	2007
Office of General Minister and President (OGMP) - Treasury Services	\$ 255,279	\$ 258,597
Wider Church Ministries	61,293	6,784
Christian Church Foundation, Inc.	181,734	168,620
Contributions receivable	24,333	155,940
Other	2,401	2,595
Total receivables	\$ 525,040	\$ 592,536

Division of Overseas Ministries of the Christian Church (Disciples of Christ), Inc.

Notes to Financial Statements December 31, 2008 and 2007

Note 4: Investments

DOM has invested available funds with the United Christian Missionary Society (UCMS), Church Extension, Christian Church Foundation (affiliated organizations) and the Ecumenical Development Cooperative Society. Investments are summarized as follows:

	2008	2007
Beasley Growth Fund of the Joint Investment Trust of the Christian Church Foundation, Inc.	\$ 10,531,261	\$ 16,127,801
Common Balanced Fund of the Joint Investment Trust of the Christian Church Foundation, Inc.	24,740	34,869
United Christian Missionary Society	41,047	68,248
Ecumenical Development Cooperative Society	100,000	100,000
Church Extension of Disciples of Christ - certificates of deposit	184,986	181,270
Total investments	\$ 10,882,034	\$ 16,512,188

The Beasley Growth Fund's asset mix at December 31, 2008 and 2007 is as follows:

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

**Division of Overseas Ministries
of the Christian Church (Disciples of Christ), Inc.**

**Notes to Financial Statements
December 31, 2008 and 2007**

Note 5: Beneficial Interest in Assets Held by 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 DOM. At December 31, 2008 and 2007, these amounts included in beneficial interest in assets held by Christian Church Foundation were \$720,810 and \$995,516, respectively. DOM receives distributions of income from all of the funds annually.

Note 6: Interest in United Christian Missionary Society

The declared purpose of United Christian Missionary Society (UCMS) is to support DOM and the Division of Homeland Ministries (DHM). The by-laws of UCMS limit its activities to those that are beneficial to DOM and DHM and state that funds made available by UCMS shall support the general budgets of DOM and DHM without any designation by UCMS other than those that have been made by donors. Additionally, DHM and DOM have an ongoing economic interest in the net assets of UCMS. Since DOM and UCMS are financially interrelated organizations, DOM has adopted the provisions of Statement of Financial Accounting Standards No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*. DOM recorded an asset of \$15,300,585 and \$23,568,036 at December 31, 2008 and 2007 representing its interest in the net assets of UCMS. DHM has also recorded its interest in the net assets of UCMS in its financial statements.

Net assets of UCMS are classified in its financial statements as follows:

	2008	2007 (As Adjusted - Note 9)
Unrestricted	\$ 14,147,431	\$ 22,556,380
Temporarily restricted	7,210,354	13,649,848
Permanently restricted	5,946,557	6,077,967
	<u>\$ 27,304,342</u>	<u>\$ 42,284,195</u>

**Division of Overseas Ministries
of the Christian Church (Disciples of Christ), Inc.**

**Notes to Financial Statements
December 31, 2008 and 2007**

Note 7: Leases

DOM is obligated under a capital lease for office equipment that expires in 2009. The gross amount of office equipment and related accumulated amortization recorded under these capital leases is as follows:

	2008	2007
Office equipment	\$ 18,000	\$ 18,000
Accumulated amortization	(14,773)	(11,025)
	\$ 3,227	\$ 6,975

Amortization of assets held under capital leases is included with depreciation expense.

During 1994, DOM approved, along with certain other affiliated organizations, a guaranty to a lease agreement entered into by Christian Church Services, Inc. As a guarantor for its pro rata share of the obligation, DOM will sublease operating facilities from Christian Church Services, Inc. under an operating lease arrangement. The lease commenced on February 15, 1995 and expires July 14, 2016. The lease also provides an option to extend the lease for two additional five-year terms. Rental expense for this lease included in the statements of activities for the years ended December 31, 2008 and 2007 was \$70,318 and \$69,918, respectively.

Future minimum lease payments under operating leases and the present value of future minimum capital lease payments are as follows:

	Capital Leases	Operating Leases
2009	\$ 3,280	\$ 74,742
2010	-	74,742
2011	-	74,742
2012	-	79,073
2013	-	83,405
Thereafter	-	216,736
Total minimum lease payments	3,280	\$ 603,440
Amounts representing interest	(53)	
Present value of net minimum capital lease payments	\$ 3,227	

**Division of Overseas Ministries
of the Christian Church (Disciples of Christ), Inc.**

**Notes to Financial Statements
December 31, 2008 and 2007**

Note 8: Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for capital expenditures and overseas ministry purposes of DOM as follows:

	2008	2007 (As Adjusted - Note 9)
Program purposes		
Capital Promotion Program	\$ 1,600	\$ 168,802
Overseas Program	-	90,465
Interest in United Christian Missionary Society	12,081,407	20,233,131
	\$ 12,083,007	\$ 20,492,398

Permanently Restricted Net Assets

The income on permanently restricted net assets from investments in perpetuity is expendable to support overseas programs of DOM and to support the operations of DOM, as follows:

	2008	2007 (As Adjusted - Note 9)
Investment in perpetuity, the income of which is expendable to support		
Overseas Program	\$ 173,561	\$ 173,561
Capital Promotions Program	358,312	358,312
Beneficial interest in assets held by CCF	720,810	995,516
Interest in United Christian Missionary Society	3,219,178	3,334,905
	\$ 4,471,861	\$ 4,862,294

**Division of Overseas Ministries
of the Christian Church (Disciples of Christ), Inc.**

**Notes to Financial Statements
December 31, 2008 and 2007**

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

	2008	2007
Purpose restrictions accomplished		
Capital Promotion Program	\$ 19,995	\$ 20,403
Overseas Program	19,478	22,850
	\$ 39,473	\$ 43,253

Note 9: Endowment

Change in Accounting Principle

In the year ended December 31, 2008, DOM adopted the recognition and disclosure provisions of Financial Accounting Standards Board Staff Position FAS 117-1 (FSP FAS 117-1), *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. This new standard changes the method of classification of net assets comprising donor-restricted endowment funds when a not-for-profit organization is subject to an enacted and effective version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Initial application of FSP FAS 117-1 by reclassification of previously reported net assets at December 31, 2007, resulted in a decrease in permanently restricted and an increase in temporarily restricted of \$17,622,018, and had no impact on previously reported total net assets.

Interpretation of State Law

DOM's endowment consists of approximately 100 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Division of Overseas Ministries of the Christian Church (Disciples of Christ), Inc.

Notes to Financial Statements December 31, 2008 and 2007

DOM's governing body has interpreted the State of Indiana Prudent Management of Institutional Funds Act (SPMIFA) as requiring 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 this interpretation, DOM 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) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by DOM in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, DOM considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of DOM and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of DOM
7. Investment policies of DOM

Investment and Spending Policies

DOM has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds DOM must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under DOM's policies, endowment assets are invested in a manner that is intended to preserve inflation adjusted values and provide annual budgetary support that is both stable and growing. DOM expects its endowment funds to provide an average rate of return of approximately 8% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, DOM relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). DOM 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.

Division of Overseas Ministries of the Christian Church (Disciples of Christ), Inc.

Notes to Financial Statements December 31, 2008 and 2007

DOM has a policy (the spending policy) of appropriating for expenditure each year 5% of its endowment fund's average fair value over the prior 20 quarters through the second quarter of the year preceding the year in which expenditure is planned. In establishing this policy, DOM considered the long-term expected return on its endowment. This is consistent with DOM's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

The composition of net assets by type of endowment fund at December 31, 2008 was:

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted	\$ (20,312)	\$ -	\$ 531,873	\$ 511,561
Board-designated	9,624,647	-	-	9,624,647
Total endowment funds	\$ 9,604,335	\$ -	\$ 531,873	\$ 10,136,208

Changes in endowment net assets for the year ended December 31, 2008 was:

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 14,941,362	\$ 229,080	\$ 531,873	\$ 15,702,315
Investment return				
Investment income	671,502	45,483	-	716,985
Net depreciation	(5,573,767)	(235,090)	-	(5,808,857)
Total investment return	(4,902,265)	(189,607)	-	(5,091,872)
Contributions	176,555	-	-	176,555
Appropriation of endowment assets for expenditure	(611,317)	(39,473)	-	(650,790)
Endowment net assets, end of year	\$ 9,604,335	\$ -	\$ 531,873	\$ 10,136,208

**Division of Overseas Ministries
of the Christian Church (Disciples of Christ), Inc.**

**Notes to Financial Statements
December 31, 2008 and 2007**

The composition of net assets by type of endowment fund at December 31, 2007 was:

	2007			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted	\$ -	\$ 229,080	\$ 531,873	\$ 760,953
Board-designated	14,941,362	-	-	14,941,362
Total endowment funds	<u>\$ 14,941,362</u>	<u>\$ 229,080</u>	<u>\$ 531,873</u>	<u>\$ 15,702,315</u>

Changes in endowment net assets for the year ended December 31, 2007 was:

	2007			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 13,547,042	\$ 37,878	\$ 691,498	\$ 14,276,418
Investment return				
Investment income	782,182	55,933	-	838,115
Net appreciation	98,973	-	5,624	104,597
Total investment return	<u>881,155</u>	<u>55,933</u>	<u>5,624</u>	<u>942,712</u>
Contributions	306,665	-	13,273	319,938
Transfers from other funds	778,828	-	-	778,828
Appropriation of endowment assets for expenditure	(572,328)	(43,253)	-	(615,581)
Adjustment to reflect change in the Indiana law	-	178,522	(178,522)	-
Endowment net assets, end of year	<u>\$ 14,941,362</u>	<u>\$ 229,080</u>	<u>\$ 531,873</u>	<u>\$ 15,702,315</u>

**Division of Overseas Ministries
of the Christian Church (Disciples of Christ), Inc.**

**Notes to Financial Statements
December 31, 2008 and 2007**

Amounts of donor-restricted endowment funds classified as permanently and temporarily restricted net assets at December 31, 2008 and 2007, consisted of:

	2008	2007
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or SPMIFA	\$ 531,873	\$ 531,873
Temporarily restricted net asset - portion of perpetual endowment funds subject to a time restriction under SPMIFA with purpose restrictions	\$ -	\$ 229,080

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level DOM is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and aggregated \$20,312 at December 31, 2008. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new permanently restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body.

Note 10: Postretirement Health Care Benefits

DOM provides postretirement health care coverage to certain eligible retirees through its participation in the churchwide health plan, the Christian Church (Disciples of Christ) Health Care Benefit Trust, administered by the Pension Fund of the Christian Church, an affiliated organization. DOM continues to fund benefit costs on a pay-as-you-go basis, and, for 2008 and 2007, DOM made benefit payments to the Churchwide health plan totaling \$19,152 for each respective year. DOM expects to make benefit payments of \$18,240 to the plan in 2009.

At December 31, 2008 and 2007, the accumulated postretirement benefit obligation for retirees was \$114,132 and \$123,459. This liability was calculated using premium costs rather than claims experience, based on the nature of the churchwide plan.

The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 7%. Since DOM has accepted a "fixed" obligation, it is not affected by an increase in the trend factors.

Division of Overseas Ministries of the Christian Church (Disciples of Christ), Inc.

Notes to Financial Statements December 31, 2008 and 2007

Note 11: Wider Church Ministries

DOM and the Wider Church Ministries (WCM) work together in carrying out the overseas ministries programs of the Christian Church (Disciples of Christ) and the United Church of Christ. The WCM contributions for DOM-administered overseas ministries programs totaled \$1,466,547 and \$1,632,199 in 2008 and 2007, respectively. The WCM contributions are included in income in the accompanying statements of activities. DOM is responsible for the administration and disbursement of the funds which are included as expense in the accompanying statements of activities.

Additionally, DOM shares in certain expenses incurred by WCM. Amounts paid to WCM for shared expenses were \$1,340,289 in 2008 and \$1,285,095 in 2007.

Note 12: Pension Plan

All of the employees of DOM, who meet certain eligibility requirements, participate in a noncontributory defined-contribution retirement plan of the Pension Fund of the Christian Church (Disciples of Christ). Payments made annually to the plan are 14% of the base salaries of employees participating in the plan. Pension expense for 2008 and 2007 was \$240,371 and \$257,690, respectively.

Note 13: Disclosures About Fair Value of Assets and Liabilities

Effective January 1, 2008, DOM adopted Statement of Financial Accounting Standards No. 157 (FAS 157), *Fair Value Measurements*. FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 has been applied prospectively as of the beginning of the year.

FAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FAS 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Division of Overseas Ministries of the Christian Church (Disciples of Christ), Inc.

Notes to Financial Statements December 31, 2008 and 2007

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Cash and Cash Equivalents

DOM's cash equivalents consists of a money market mutual fund that primarily invests in U.S. Treasury obligations and is considered as a Level 1 asset.

Investments

DOM's primary investment is in the Beasley Growth Fund (Beasley Fund) of the Joint Investment Trust of the Christian Church Foundation, Inc. The Beasley Fund can be converted to cash on a monthly basis. The Beasley Fund is not publicly traded; it is an investment option that is only available to the ministries of the Christian Church (Disciples of Christ). While many of the underlying investments are publicly traded in active markets, the Beasley Fund is considered (in its entirety) as a Level 2 investment.

Beneficial Interest in Assets Held by Christian Church Foundation

DOM's beneficial interest is estimated at the fair value of the underlying assets as is therefore considered as a Level 2 asset.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the FAS 157 fair value hierarchy in which the fair value measurements fall at December 31, 2008:

	Fair Value	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual fund	\$ 2,564,831	\$ 2,564,831	\$ -	\$ -
Investments	10,882,034	-	10,882,034	-
Beneficial interest in assets held by Christian Church Foundation	720,810	-	720,810	-

**Division of Overseas Ministries
of the Christian Church (Disciples of Christ), Inc.**

**Notes to Financial Statements
December 31, 2008 and 2007**

Note 14: Significant Estimates and Concentrations

Current Economic Conditions

The current economic environment presents not-for-profit organizations with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, declines in contributions and constraints on liquidity. The financial statements have been prepared using values and information currently available to DOM.

Current economic conditions have made it difficult for many donors to continue to contribute to not-for-profit organizations. A significant decline in contribution revenue and Disciple Mission Fund giving could have an adverse impact on DOM's future operating results.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values, in beneficial interest in assets held by Christian Church Foundation and in interest in United Christian Missionary Society that could negatively impact DOM's ability to maintain sufficient liquidity.

Concentrations

For the years ended December 31, 2008 and 2007, approximately 28% and 20% of total contributions were received from one donor. In addition, approximately 34% and 30% of total revenue was earned from two affiliated organizations during 2008 and 2007, respectively.

Supplementary Information

Division of Overseas Ministries of the Christian Church (Disciples of Christ), Inc.

Combining Statements of Activities Year Ended December 31, 2008 With Comparative Totals for 2007

	Unrestricted					Total
	Budget Fund	Special Fund	Capital Fund	Endowment Fund	Annuity Fund	
Revenue, Gains and Other Support						
Disciples Mission Fund Distributions from						
OGMP - Treasury Services	\$ 1,624,201	\$ -	\$ -	\$ -	\$ -	\$ 1,624,201
Other offerings and contributions	-	1,557,969	4,261	-	-	1,562,230
Offerings - Week of Compassion	-	597,020	-	-	-	597,020
Distributions from United Christian						
Missionary Society	1,128,761	-	-	-	-	1,128,761
Wider Church Ministries	1,466,547	-	-	-	-	1,466,547
Contributions and bequests	709,192	-	-	176,555	-	885,747
Investment income	31,645	-	620	671,502	-	703,767
Assets released from designation	325,927	285,390	-	(611,317)	-	-
	<u>5,286,273</u>	<u>2,440,379</u>	<u>4,881</u>	<u>236,740</u>	<u>-</u>	<u>7,968,273</u>
Net assets released from restrictions	-	19,478	19,995	-	-	39,473
Total revenue, gains and other support	<u>5,286,273</u>	<u>2,459,857</u>	<u>24,876</u>	<u>236,740</u>	<u>-</u>	<u>8,007,746</u>
Expenses						
Program expenses						
Mission Personnel Office	451,729	140,071	-	-	-	591,800
Africa	1,082,390	777,244	-	-	-	1,859,634
East Asia and Pacific	452,696	372,978	-	-	-	825,674
Latin America and Caribbean	895,764	572,571	-	-	-	1,468,335
Middle East/Europe	432,572	153,490	-	-	-	586,062
Southern Asia	263,099	346,227	-	-	-	609,326
General program	397,470	167,697	-	-	-	565,167
Capital and New Church	-	-	28,333	-	-	28,333
Total program expenses	<u>3,975,720</u>	<u>2,530,278</u>	<u>28,333</u>	<u>-</u>	<u>-</u>	<u>6,534,331</u>
General and administrative	769,346	182,843	-	-	-	952,189
Resource development	351,177	-	-	-	-	351,177
Total expenses	<u>5,096,243</u>	<u>2,713,121</u>	<u>28,333</u>	<u>-</u>	<u>-</u>	<u>7,837,697</u>
Change in Net Assets From Operations	<u>190,030</u>	<u>(253,264)</u>	<u>(3,457)</u>	<u>236,740</u>	<u>-</u>	<u>170,049</u>
Other Changes						
Change in interest in United Christian						
Missionary Society	-	-	-	-	-	-
Change in beneficial interest in assets held by CCF	-	-	-	-	-	-
Realized and unrealized gains (losses) on investments	-	-	-	(5,573,767)	-	(5,573,767)
Change in value of split interest agreements	-	-	-	-	(27,201)	(27,201)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,573,767)</u>	<u>(27,201)</u>	<u>(5,600,968)</u>
Change in Net Assets	<u>190,030</u>	<u>(253,264)</u>	<u>(3,457)</u>	<u>(5,337,027)</u>	<u>(27,201)</u>	<u>(5,430,919)</u>
Net Assets, Beginning of Year	<u>177,984</u>	<u>2,965,950</u>	<u>205,017</u>	<u>14,941,362</u>	<u>48,628</u>	<u>18,338,941</u>
Net Assets, End of Year	<u>\$ 368,014</u>	<u>\$ 2,712,686</u>	<u>\$ 201,560</u>	<u>\$ 9,604,335</u>	<u>\$ 21,427</u>	<u>\$ 12,908,022</u>

2008

Temporarily Restricted						2007
Special	Capital	Endowment	Total	Permanently	Total	Total
Fund	Fund	Fund		Restricted	All Funds	All Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,624,201	\$ 1,677,048
-	-	-	-	-	1,562,230	2,078,607
-	-	-	-	-	597,020	629,538
-	-	-	-	-	1,128,761	973,334
-	-	-	-	-	1,466,547	1,632,199
-	-	-	-	-	885,747	984,369
19,478	21,595	6,010	47,083	-	750,850	954,385
-	-	-	-	-	-	-
19,478	21,595	6,010	47,083	-	8,015,356	8,929,480
(19,478)	(19,995)	-	(39,473)	-	-	-
-	1,600	6,010	7,610	-	8,015,356	8,929,480
-	-	-	-	-	591,800	669,622
-	-	-	-	-	1,859,634	2,166,237
-	-	-	-	-	825,674	610,413
-	-	-	-	-	1,468,335	1,433,370
-	-	-	-	-	586,062	567,269
-	-	-	-	-	609,326	684,366
-	-	-	-	-	565,167	591,448
-	-	-	-	-	28,333	27,626
-	-	-	-	-	6,534,331	6,750,351
-	-	-	-	-	952,189	841,453
-	-	-	-	-	351,177	293,990
-	-	-	-	-	7,837,697	7,885,794
-	1,600	6,010	7,610	-	177,659	1,043,686
-	-	(8,151,724)	(8,151,724)	(115,727)	(8,267,451)	596,125
-	-	-	-	(274,706)	(274,706)	11,095
(30,187)	-	(235,090)	(265,277)	-	(5,839,044)	104,597
-	-	-	-	-	(27,201)	(18,168)
(30,187)	-	(8,386,814)	(8,417,001)	(390,433)	(14,408,402)	693,649
(30,187)	1,600	(8,380,804)	(8,409,391)	(390,433)	(14,230,743)	1,737,335
30,187	-	20,462,211	20,492,398	4,862,294	43,693,633	41,956,298
\$ -	\$ 1,600	\$ 12,081,407	\$ 12,083,007	\$ 4,471,861	\$ 29,462,890	\$ 43,693,633

**Division of Overseas Ministries
of the Christian Church (Disciples of Christ), Inc.**
Analysis of Expenses By Department and By Fund
Year Ended December 31, 2008

	2008			
	Budget Fund	Special Funds	Capital and New Church Funds	Total All Funds
Mission Personnel Office				
Overseas staff	\$ 225,886	\$ 15,375	\$ -	\$ 241,261
Overseas personnel office	78,215	-	-	78,215
Missionary relationships	84,689	1,306	-	85,995
People-to-people pilgrimages	62,939	123,390	-	186,329
Total	<u>451,729</u>	<u>140,071</u>	<u>-</u>	<u>591,800</u>
Department of Africa				
Africa office	187,959	-	-	187,959
Africa regional	56,083	275,179	-	331,262
Angola	161,181	25,461	-	186,642
Botswana	102,878	7,877	-	110,755
Congo	9,000	1,110	-	10,110
Ghana	8,000	74,250	-	82,250
Kenya	54,392	43,687	-	98,079
Lesotho	38,003	27,772	-	65,775
Mozambique	34,500	4,314	-	38,814
Namibia	6,400	225	-	6,625
South Africa	308,190	80,481	-	388,671
Swaziland	4,500	2,055	-	6,555
Togo	2,000	-	-	2,000
Zaire	66,879	176,744	2,000	245,623
Zambia	6,000	9,160	-	15,160
Zimbabwe	36,425	48,929	-	85,354
Total	<u>1,082,390</u>	<u>777,244</u>	<u>2,000</u>	<u>1,861,634</u>
Department of East Asia and Pacific				
East Asia and Pacific office	84,603	-	-	84,603
East Asia and Pacific regional	12,873	278,498	-	291,371
Australia	25,204	-	-	25,204
China	109,882	68,655	-	178,537
Hong Kong	79,359	-	-	79,359
Japan	85,054	1,150	-	86,204
Korea	499	23,925	-	24,424
New Zealand	37,996	-	-	37,996
Pacific Islands	5,492	-	-	5,492
Philippines	9,237	750	-	9,987
Taiwan	2,497	-	-	2,497
Total	<u>452,696</u>	<u>372,978</u>	<u>-</u>	<u>825,674</u>

**Division of Overseas Ministries
of the Christian Church (Disciples of Christ), Inc.**
Analysis of Expenses By Department and By Fund
Year Ended December 31, 2008
(continued)

	2008			
	Budget Fund	Special Funds	Capital and New Church Funds	Total All Funds
Department of Latin America and Caribbean				
Latin America and Caribbean office	\$ 165,647	\$ -	\$ -	\$ 165,647
Latin America regional	26,370	182,093	-	208,463
Argentina	55,500	22,266	-	77,766
Belize	2,500	-	-	2,500
Brazil	33,000	1,365	-	34,365
Chile	57,769	29,889	390	88,048
Columbia	59,139	11,433	-	70,572
Costa Rica	11,000	-	-	11,000
Cuba	7,000	3,000	-	10,000
Dominican Republic	5,000	7,674	3,989	16,663
Ecuador	7,500	5,593	-	13,093
El Salvador	18,000	10,838	-	28,838
Guatemala	52,944	1,360	-	54,304
Haiti	48,556	81,462	-	130,018
Honduras	113,759	69,007	-	182,766
Jamaica	15,742	7,453	-	23,195
Mexico	113,571	30,218	-	143,789
Nicaragua	16,000	-	-	16,000
Paraguay	7,996	101,900	-	109,896
Peru	4,000	20	-	4,020
Puerto Rico	14,000	-	-	14,000
Venezuela	60,771	7,000	-	67,771
Total	895,764	572,571	4,379	1,472,714
Department of the Middle East/Europe				
Middle East and Europe office	87,804	-	-	87,804
Middle East and Europe regional	9,562	142,490	-	152,052
Egypt	-	7,000	-	7,000
France	32,481	-	-	32,481
Germany	57,740	-	-	57,740
Hungary	75,432	-	-	75,432
Israel/Palestine	70,512	4,000	-	74,512
Lebanon	2,821	-	-	2,821
Turkey	96,220	-	-	96,220
Total	432,572	153,490	-	586,062

**Division of Overseas Ministries
of the Christian Church (Disciples of Christ), Inc.**
Analysis of Expenses By Department and By Fund
Year Ended December 31, 2008
(continued)

	2008			
	Budget Fund	Special Funds	Capital and New Church Funds	Total All Funds
Department of Southern Asia				
Southern Asia office	\$ 85,231	\$ -	\$ -	\$ 85,231
Southern Asia regional	21,470	231,240	-	252,710
Bhutan	2,497	-	-	2,497
Burma	499	-	-	499
East Timor	4,993	-	-	4,993
India	29,347	87,989	-	117,336
Indonesia	69,110	6,500	-	75,610
Laos	-	18,073	-	18,073
Nepal	7,565	-	-	7,565
Sri Lanka	2,497	1,425	-	3,922
Thailand	25,073	1,000	-	26,073
Vietnam	14,817	-	-	14,817
Total	263,099	346,227	-	609,326
General Program				
Advocacy	97,430	-	-	97,430
Communication and interpretation	186,874	40,665	-	227,539
Child Sponsorship	33,855	1,700	-	35,555
Overseas and ecumenical	71,821	-	-	71,821
Racial/Ethnic relations	7,490	-	-	7,490
Total expenses	397,470	42,365	-	439,835
General Administrative				
Board of Directors	35,836	-	-	35,836
Equipment	31,993	17,017	-	49,010
Finance office	202,908	-	-	202,908
General administrative	214,832	165,826	-	380,658
General office operations	11,117	-	-	11,117
Information systems	6,883	-	-	6,883
President's office	265,777	-	-	265,777
Total expenses	769,346	182,843	-	952,189
Resource Development				
	351,177	125,332	21,954	498,463
	\$ 5,096,243	\$ 2,713,121	\$ 28,333	\$ 7,837,697