

No. 1107

**ANNUAL REPORT TO THE GENERAL BOARD
FROM THE NATIONAL BENEVOLENT ASSOCIATION
OF THE CHRISTIAN CHURCH (DISCIPLES OF CHRIST)
dba DISCIPLES BENEVOLENT SERVICES**

Mark D. Anderson, President
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Maryland Heights, Missouri 63043-3103

OUR MISSION

In the loving and caring spirit of Christ, Disciples Benevolent Services will partner with Regions, congregations and others to develop ministries of care in response to the needs of their communities.

OUR MISSION IDENTITY

Our mission identity is to be a positive contributor to the four mission priorities of the Christian Church (Disciples of Christ) and to positively benefit the Church by being both a provider of high quality benevolent care programs and by being a service provider that enables other Disciples entities to be a provider of benevolent care programs.

HOW ARE WE PURSUING THIS MISSION AND IDENTITY?

For the past 124 years, Disciples Benevolent Services (“DBS”) has been the social and health services general unit of the Christian Church (Disciples of Christ). During 2010, DBS was privileged to directly serve people through our residential and community-based programs for children, youth and families, people with disabilities and older adults. In addition, DBS sponsors 52 US Department of Housing and Urban Development (HUD) housing facilities for older adults and people with disabilities.

As it has throughout its long history, DBS has, over the last several years, been intentional in being responsive to the needs and requests of various segments of the Church. For example, in meeting with residents of the former NBA older adult facilities, we heard the need for chaplaincy care among the residents of those facilities and the surrounding communities. We promptly acted to establish our Chaplaincy Care Program that partners with the Region and local Disciples congregations to employ a chaplain to provide ministry and spiritual support to not only the residents of the retirement community, but also to the families of the residents, to staff, and to the surrounding community. In 2009, we expanded our

Chaplaincy Care Program to include three more ministry locations – in Austin, Texas; in Glendale, Arizona; and in Los Angeles, California. In each of these cases, we responded to the requests of Disciples to bring this wonderful, vital ministry to their community.

In partnership with St. Louis area Disciples, we have been working on the redevelopment of the ministry of ECHO in St. Louis. The ECHO ministry not only continues to provide community outreach programs to the under-privileged youth and seniors in the community, but we have also partnered with a nonprofit charter school in the St. Louis area whose mission is to provide high-quality grade school education to lower-income, African-American children in the local neighborhood. The school provides not only an opportunity for the youth to attend school in their neighborhood (when previously they were forced to be bused outside of their neighborhood due to the lack of a neighborhood grade school), but the school also provides them with school uniforms, with three healthy meals a day on school days (for some, it is their only opportunity for three meals a day), and the opportunity to attend an after-school program while their parents are at work. Also, at the request of local Disciples, we are developing a mission center on the ECHO campus for Disciples where they may lodge and eat while in the St. Louis area to do mission work.

DBS has also been actively engaged in conversation with the Disciples Care Network (“DCN”) and has formed an official Care Alliance for the purpose of strengthening our respective existing ministries, developing new ministries of care and enhancing the relationship among/between the local, regional and national expressions of the Church and of the agencies of both DBS and DCN. We believe that a partnership between DBS and DCN will only help to strengthen the Church’s benevolent care ministries throughout the Disciples denomination.

In summary, DBS has evolved from solely being a provider of direct care services who owns and manages everything it touches to an organization that is both a provider of direct care services and a facilitator of such services. DBS is open to what each situation warrants as far as the level of our partnership. We recognize that in some situations we will be asked to be more of a full partner and in other situations we will be asked to be a partner who provides only a part of the process.

DBS recognizes that mission work is very much at the heart of the Christian Church (Disciples of Christ). DBS has heard the call from the Church to be more mission-oriented. DBS acknowledges that in many ways the Church is seeking to reduce the overall reliance on a single general ministry unit to provide mission on behalf of its congregations and regions, such as NBA once did throughout its long history. We believe that the Church is now looking to have mission work developed and administered at the “grass roots” level and we see our role within the Church as being the one who helps to enable mission work at the “grass

roots” level. Our primary goal is to enable congregations, Regions and others to develop locally-based ministries of benevolent care.

Our mission focuses on partnering with congregations, Regions and other General Ministries of the Church in order to develop ministries of care at the local level. Our mission is to help Christian Church (Disciples of Christ) congregations do mission work in their own communities. We don't seek solely to perform mission work on behalf of the Church, but rather, to help the Church perform mission work where it sees the greatest need.

MISSION PRIORITIES OF THE CHURCH AND DBS

In what ways is DBS a Movement for Wholeness in a Fragmented World?

DBS has contributed and is contributing to fulfilling the Church's mission priorities and in being a Movement for Wholeness in a Fragmented World in the following manner:

Transforming Existing Congregations for Mission

The main role of DBS in fulfilling the four priorities is that of being a partner with different manifestations of the Christian Church (Disciples of Christ) in helping to develop and to carry out mission work. As a partner, DBS will work with congregations in identifying mission needs and desires within their own community and in strengthening current ministries and/or developing new programs to allow congregations to live out their calling of providing ministries of mercy and care. Through these efforts, DBS helps fulfill the Church's priority of transforming existing Disciple congregations for mission work.

Starting with the 2007 General Assembly of the Church in Fort Worth, Texas, DBS has been approached by dozens of Disciple congregations throughout the United States about developing new ministries of care within their local community. Since the 2007 General Assembly, DBS has called upon multiple congregations, at their request, to offer support, guidance, direction and consultation on how to get started on their particular vision of a new ministry of care program within their community.

St. Louis area congregations carried out mission associated with the community surrounding ECHO.

- Centennial Christian Church participated in the ECHO Annual Back to School event by helping with guest registration. They also assisted with the ECHO Coat Drive by providing a face painting booth for the kids that attended. A member of Centennial CC facilitated onsite health and dental screenings at both events.
- Hamilton Christian Church participated in the ECHO Annual Coat Drive by providing a game booth for the kids and adults in attendance. A member

of Hamilton CC helped with the promotion of the event and also helped with pre-registration.

- Memorial Blvd Christian Church participated in the ECHO Annual Back to School event by providing a bounce house for the kids in attendance. They also interacted with the adults and collected data through a "Needs Assessment " survey. Memorial Blvd CC also assisted in the ECHO Annual Coat Drive by helping with the hat and glove distribution booth.
- Union Ave Christian Church participated in the ECHO Annual Coat Drive by collecting hats and gloves and distributing them to the kids.
- Webster Groves Christian Church participated in the ECHO Back-to-School event by providing volunteers to assist at the event. Webster Groves Christian Church also participated in the ECHO Annual Coat Drive by providing a beverage and snack booth for those persons who attended.

Several congregations throughout the Christian Church (Disciples of Christ) contributed school supplies, personal hygiene products, blankets, and socks to ECHO to help with the community based events. These efforts on ECHO's campus were supported financially by congregations contributing over \$17,000!

New Congregation Establishment

In the coming year we will be exploring with new congregations on ways we can partner with them to carry out a mission of providing ministries of mercy and care. In much the same way as our efforts to transform existing congregations for mission work, we believe that by providing benevolent care ministries in local communities, new Disciples congregations can be born and established around such mission work. We believe that such ministries of care can be a catalyst for new church start-ups.

Leadership Development

As a partner with Regions and local congregations in the development of new programs of mission work, DBS will nurture and enable leadership at the local level to administer the programs and services. By working with a de-centralized model that includes local ownership, management and governance of the programs, services and projects, DBS helps fulfill the Church's priority of nurturing and developing leadership within the Church.

We will explore opportunities to partner with other General Ministries and Disciple Care Network agencies to provide leadership development activities for young Disciples.

Becoming a Pro-Reconciling/Anti-Racist Church

Through our programs, services and operating units, as well as the invaluable services of Disciple Care Network agencies, DBS has always provided ministries

of care to all walks of life, without discrimination. Because our mission is to continue providing similar ministries of care into the future, without discrimination, DBS helps meet the Church's priority of becoming a pro-reconciling/anti-racist Church.

As we venture into new ministries with the Church, we will ensure these ministries are anti-racist and are working toward pro-reconciliation in their community.

OPERATIONS SUMMARY

Christian Services for Children in Alabama (Selma)

Our mission is to show the love of Christ by providing counseling, intervention and support to children and families in crisis. Since 1991, CSCA's Family Outcome Centered Unification Services (FOCUS) program has served a five-county area surrounding Selma. FOCUS works with family members to instill and maintain family safety and unity. These individualized services are provided to families based on their own unique strengths and immediate needs. Also, in partnership with the Alabama Department of Human Resources, CSCA provides therapeutic foster care services for youth diagnosed with emotional and behavior needs.

Some highlights of the past year include:

- Served 13 youth and their families in the Therapeutic Foster care Program providing seamless around the clock interventions and supervision through collaborative efforts with the Alabama Department of Human Resources and partnerships with foster parents in the community. Program and administrative staff seek to recruit, train and support families who provide a safe and specialized home environment, which aids abused and neglected children and youth an opportunity to begin the healing process. Developed and implemented monthly training for foster parents.
- Implemented a comprehensive risk assessment to improve treatment strategies in meeting the needs of children and families in the Family Preservation Program. This program served 140 children by responding to early signs of reported abuse and neglect. Achieved an 88% success rate in helping children and families remain safely together as measured by the quality outcome aftercare follow-up report. The family preservation staff assists at-risk families in the development of skills that enhance their ability to remain safely together.
- The overall programs' goals are to help children and families build from their inherent strengths toward developing life long skills and reunification with natural families whenever possible.

CSCA's goals for 2011 are to Re-develop organizational structure including board volunteerism and fund raising; increase the number of foster home resources; and increase training opportunities for Family Preservation Program Staff .

ECHO (St. Louis, Missouri)

Founded in 1889 as an orphanage called the Christian Orphan's Home, ECHO has adapted its services throughout its history according to the needs of the community. In the 1970's, ECHO worked with the Missouri Children's Division to create an emergency program that allowed police and the Missouri Children's Division to refer youth to ECHO in crisis situations. In 1978, the Christian Orphan's Home changed its name to ECHO/Emergency Children's Home to reflect its change in services. Since then, ECHO has continued to develop numerous programs such as residential living, transitional living and recreational programs to assist its "psychological orphans."

Currently, ECHO serves the area's children and youth through community outreach and partnerships with other agencies, local congregations and others in the community. While ECHO continues its proud tradition of serving the children and youth of the community, staff continues to develop plans for the campus that may include affordable residential care for senior male veterans, continuing to explore expansion of leased space to a public community-based not for profit charter school with grades K through 5th. The campus also provides office space for two local nonprofit agencies and is currently working to lease space, beginning in February 2011, to a minority owned catering business that provides meals to local schools and senior daycare facilities.

Florida Christian Center (Jacksonville, Florida)

Since 1994, FCC has managed and operated a one-story, 8,246 square foot building that provides a home for ongoing programs and activities for the residents of neighboring Florida Christian Apartments and Sundale Manor, two DBS-sponsored HUD facilities for older adults. The Community Center is staffed by a full-time director/chaplain who ministers to on-site older persons as well as providing expanded services into the greater Jacksonville area. The Center is a popular gathering place for residents where they meet for fellowship, classes and other group activities. Amenities include a chapel, auditorium, kitchen, , therapeutic pool and a well-equipped exercise room. Chaplaincy services include ministry and pastoral care, worship services, classes on faith and aging, and other programs focused on spiritual health.

Two significant events enlarged and strengthened our ministry in 2010. The first was the addition of a full-time Activities Director to serve the needs of our residents residing on our campus of 270 HUD independent living apartments. Sandy Spranger, a member of Edgewood Avenue Christian Church, now leads these activities in our beautiful activities building. She joins our Chaplain/Director

and a housekeeper in rounding out our staff. The other event that changed and enlarged our ministry was adding our Wishing Well Gift Shop to our program and budget. The Gift Shop was moved from the apartments building into our Activities Building. Barbara Murphree, a Board member and member of Riverside Christian Church, along with her team helped with the moving and staffing of our new program. All proceeds from the ministry are devoted to funding our activities program.

Our Board recently began a review of our strategic plan as we look to 2011. Our funding is a continuing challenge, and we are most grateful for Church funds which supplement our budget. As we look to the new year we dream of a 25 passenger bus with a wheel-chair lift to better serve our residents.

Serra Center (Fremont, California)

Established in 1973, Serra Center offers three types of support services for persons with developmental disabilities. The Intermediate Care Facility – Developmentally Disabled Handicapped Care (ICF-DDH) program provides 24-hour care and supervision in group living settings within the community. Supported Living Services offers individuals the opportunity to live in the environment of their choice – regardless of their disability. And Independent Living Services focuses on providing one-to-one staff-to-client training on specific identified living skills, thereby eliminating the need for the services when the skill is mastered. All individuals served are active during the day either at jobs or in a day program.

Southern Christian Services for Children and Youth (Jackson, MS)

Since 1988, SCSCY has provided services through 11 different statewide locations including therapeutic group homes for children and youth, a transitional living facility for older teens who are homeless, an array of adoption, therapeutic foster care, and post adoption services, and educational services that include independent living preparation for teens in the foster care system and abstinence education for at-risk youth.

During 2010, SCSCY touched the lives of 12,705 individuals through our Group Home programs, our Adoption and Foster care services, our Independent Living Preparation Services, and our training activities which included our annual “Lookin’ to the Future” Conference and our abstinence and healthy relationship education program.

Some highlights of the past year include:

- Refurbishing our P.A.L.S. group home for homeless teens. This renovation was made possible through the support of the City of Jackson, the Junior League of Jackson, and the assistance of Upton-Neal Interiors

- Purchasing new furniture for the entire Rowland Home for Boys in Grenada. Contributions by His Way and the Junior Auxiliary of Grenada made this project possible.
- Being accepted into and funded by the Northeast Mississippi United Way
- Obtaining new support from the Mississippi Department of Public Safety
- Redesigning our Web site and purchasing and installing a new donor data base management system
- Maintaining our tradition of 100% Board member giving or raising a contribution
- Holding four very successful special fund raising events – the Sonny Fountain Golf Tournament for Kids, the Bottom Line for Kids dinner in Jackson, the Joe Rowland Benefit dinner in Grenada, and the Crane Gala to support Harden House in Fulton

Amidst the changes we have faced, there are constants – one being our belief that the children and youth we serve do not need to be tied to their painful pasts. Instead through our help and the grace of God, they can look to a better future.

Woodhaven (Columbia, Missouri)

Since it opened its doors as the Woodhaven Home for Exceptional Children in 1964, Woodhaven has been committed to the belief that individuals with developmental disabilities have much to contribute if given the right supports.. Today we live out our mission by helping more than 110 adults with developmental disabilities to be active, accepted members of the community through its fully accredited programs.

The *Community Living* program helps men and women with developmental disabilities to live in their own community-based homes. Direct Support Professionals provide living skills training, monitor health and safety, and assist with personal hygiene, cooking, shopping, transportation, recreation and other daily needs as required by each individual.

The *Community Integration* program provides weekday opportunities for volunteerism and to interaction with other members of this central Missouri community for more than 50 adults with disabilities. Woodhaven evaluates how successful we are at helping participants through the quality outcome measurement system, which gauges the amount of time each individual spends volunteering and having valuable community interactions each month.

Chaplaincy Care Program

The mission of the Disciples Benevolent Services Chaplaincy care program is to provide compassionate and personalized spiritual and emotional care to the residents, family, staff and others in caring communities.

The DBS Chaplaincy care program was launched in 2008 at the Barton W. Stone Home, a former NBA-owned multi-level health care community in Jacksonville, Illinois. Since then, the program has expanded into four additional Regions and has the potential to serve more than 3,100, mostly geriatric, persons. Each program was developed in collaboration with its respective Disciples Region.

The DBS Chaplains provide weekly worship services, Bible studies, comfort end of life issues, provide grief/loss support, contribute devotional material for the Disciples Congregations Resources Web site and serve in countless other ways tailored to their individual programs. The DBS Chaplains are in place to provide supplemental spiritual care, not as replacements for individuals' own pastors, and do not charge for their service.

Jacksonville, Illinois – Two chaplains serve the residents of four area retirement, nursing and convalescent centers. Both are well-known and respected members of their community. It's not uncommon to see one or both of these chaplains extending their compassionate care by taking personal time to drive someone to visit the gravesite of a spouse on a wedding anniversary, enlisting the aid of a local congregation to help furnish an apartment for a needy older adult or accompanying a lonely senior to the funeral of a dear friend.

Des Moines, Iowa – Serving the residents and staff of Ramsey Village, one part-time chaplain provides weekly Bible studies in the different care units, each tailored to its specific audience, holds a Chaplain's Corner for discussion, meets with individuals and provides positive support for families and others as needed or requested.

Los Angeles, California – Our chaplain serves four facilities and in 2010, instituted a joint worship service with the two smaller facilities. She continues to hold regular worship services at each facility, but the joint service has helped foster a sense of community among the two facility's residents.

Austin, Texas – Several days each week, our chaplain counsels with women in recovery at the Austin Recovery Center, helping them through their Fifth Step in AA. Through the generosity of a local Disciples congregation, she has made Recovery Bibles available to the women in this program. Her second area of ministry is at a nursing center where she offers weekly programs, Bible studies and individual counseling and ministry meetings.

Glendale, Arizona – Unique from the other programs, the DBS Glendale Chaplain serves residents of two independent living facilities for low income older adults. In addition to the many personal visits he makes, the chaplain holds a regular joint worship services for residents of the two facilities, building a sense of unity with the two communities.

Disciples Care Network, Inc.

Care Ministries of the Christian Church (Disciples of Christ)

Disciples Care Network (DCN) is a group of human service agencies in covenant with the Christian Church (Disciples of Christ). From an initial meeting of 18 care providers at the 2005 Portland General Assembly, DCN has grown to more than 80 agencies with more than 200 ministry sites providing care for more than 48,000 persons annually in 27 states, Canada and Mexico.

Some highlights from the past year include:

Disciples Benevolent Services and Disciples Care Network Care Alliance

The major accomplishment of 2010 was the approval of the DBS-DCN Care Alliance by their respective Boards. A copy of the Care Alliance is attached. More than a plan for working together, the Care Alliance agreement signals a close working relationship and unity of purpose for quality services for all the persons being served in various care ministries on behalf of the Christian Church (Disciples of Christ).

DCN welcomes the calling of Mark Anderson as DBS President. Several meetings with Mr. Anderson have proved beneficial. The future of care ministries dedicated to social and health services will be enhanced significantly as the Care Alliance and other joint ventures are achieved.

DCN Reporting to the General Board and General Assembly through DBS

The Administrative Committee of the General Board approved the proposal for Disciples Care Network, as a "Recognized Organization" of the Christian Church, to report to the General Church through Disciples Benevolent Services, further strengthening the working relationship of DCN and DBS.

Care Ministries at Quadrennial

DCN and DBS collaborated in a combined exhibit area at the 2010 Quadrennial Assembly.

Grant from Oreon E. Scott Foundation

DCN was awarded a grant from the Oreon E. Scott Foundation which provided funds for nine staff members of eight care ministries to receive training in the *Basics in Fund Raising* and *Successful Development Planning*, provided in collaboration with the Disciples Development conference and DBS. Six of the nine had no previous professional Development training.

Stories

The transformational stories of persons served in various health and social services agencies are displayed on the DCN website for everyone to see the work being done on your behalf. These stories are short so they lend themselves to be used as a study/prayer focus and moments for mission in

worship and fellowship group meetings. See *You Were There* at www.diciplescarenetwork.org.

DCN 2011 Officers

Sue Cherney, President; Don Stump, Vice President; Mark Palmer, Secretary/Treasurer

Board of Directors

Ralph Allen, Christian Care Communities, Louisville, Ky.

Mark Anderson, Disciples Benevolent Services, St. Louis, Mo.

Ken Burger, The Summit, Lynchburg, Va.

Sue Cherney, Southern Christian Services for Children and Youth, Jackson, Miss.

Bob Cooper, Tennyson Center for Children at Colorado Christian Home, Denver, Colo.

Kay Ellis, Juliette Fowler Homes, Dallas, Texas

Wanda Gottschalk, Child Saving Institute, Omaha, Neb.

David Lundeen, Cleveland Christian Home, Cleveland, Ohio

C. Mark Palmer, Woodhaven, Columbia, Mo.

Don Stump, Christian Church Homes of Northern California, Oakland, Calif.

Karen Wardlaw, Disciple Homes Management Group, Gladewater, Texas

2010 Dues - Paying Member Agencies

Child Saving Institute, Omaha, Neb.; Christian Care Communities, Kentucky; Christian Church Homes of Northern California; Cleveland Christian Home, Cleveland, Ohio; Craddock Center Children's Enrichment Program, Cherry Log, Ga.; Disciple Homes Management Group, Gladewater, Texas; Disciples Benevolent Services, St. Louis, Mo.; Florida Christian Center, Jacksonville, Fla.; Juliette Fowler Homes, Dallas, Texas; Kentucky Appalachian Ministry, Berea, Ky.; Manistee Manor, Glendale, Ariz.; Serra Center, Fremont, Calif.; Southern Christian Services for Children and Youth, Jackson, Miss.; Tennyson Center for Children at Colorado Christian Home, Denver; Colo.; The Summit, Lynchburg, Va.; Village at the Bluffs, Colorado Springs, Colo.; Woodhaven, Columbia, Mo.

FINANCIAL STATEMENTS (See Attached PDF Document)

The General Board has reviewed Report No. 1107 from Disciples Benevolent Services. The report is submitted to the General Assembly for consideration and discussion. No action is required. (Discussion time 12 minutes)

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services**
Accountants' Report and Consolidated Financial Statements
December 31, 2010 and 2009

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services
December 31, 2010 and 2009**

Contents

Independent Accountants' Report.....	1
Consolidated Financial Statements	
Statements of Financial Position.....	2
Statements of Activities	3
Statements of Functional Expenses.....	4
Statements of Cash Flows	5
Notes to Financial Statements.....	6

Independent Accountants' Report

Board of Trustees
The National Benevolent Association
of the Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services
St. Louis, Missouri

We have audited the accompanying consolidated statements of financial position of The National Benevolent Association of the Christian Church (Disciples of Christ) d/b/a Disciples Benevolent Services ("DBS") as of December 31, 2010 and 2009, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of DBS'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 audits 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of DBS as of December 31, 2010 and 2009, and changes in its net assets, its functional expenses and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BKD, LLP

March 28, 2011

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services
Consolidated Statements of Financial Position
December 31, 2010 and 2009
(Dollars in Thousands)**

Assets

	2010	2009
Current Assets		
Cash and cash equivalents	\$ 3,026	\$ 2,494
Accounts receivable, net of allowance; 2010 - \$243, 2009 - \$221	1,316	1,447
Contributions receivable	5	8
Investments	35,187	30,900
Deposits	2,185	2,185
Prepaid expenses	244	251
Total current assets	41,963	37,285
Noncurrent Assets		
Contributions receivable	27	17
Notes receivable	83	87
Other investments	254	331
Property and equipment, net of accumulated depreciation; 2010 - \$6,638, 2009 - \$6,248	6,987	7,213
Investments	22,682	22,640
Beneficial interest in perpetual trust held by related party	645	600
Total noncurrent assets	30,678	30,888
Total assets	\$ 72,641	\$ 68,173

Liabilities and Net Assets

	<u>2010</u>	<u>2009</u>
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,598	\$ 1,879
Current portion of annuity obligations	1,015	1,074
Other	<u>86</u>	<u>160</u>
Total current liabilities	<u>2,699</u>	<u>3,113</u>
Noncurrent Liabilities		
Annuity and trust obligations	3,975	4,352
Funds held in trust	2,514	2,512
Other	<u>970</u>	<u>1,281</u>
Total noncurrent liabilities	<u>7,459</u>	<u>8,145</u>
Total liabilities	<u>10,158</u>	<u>11,258</u>
Net Assets		
Unrestricted	37,066	33,398
Temporarily restricted	9,004	7,169
Permanently restricted	<u>16,413</u>	<u>16,348</u>
Total net assets	<u>62,483</u>	<u>56,915</u>
Total liabilities and net assets	<u>\$ 72,641</u>	<u>\$ 68,173</u>

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services**

**Consolidated Statements of Activities
Years Ended December 31, 2010 and 2009
(Dollars in Thousands)**

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, Gains and Other Support				
Fees for services	\$ 12,611	\$ -	\$ -	\$ 12,611
Contributions	1,452	124	4	1,580
Interest, dividends and rents	257	33	-	290
Investment return	3,336	2,454	3	5,793
Gain (loss) on deferred gift values	124	125	4	253
Other	406	26	54	486
Net assets released from restrictions	927	(927)	-	-
Total revenues, gains and other support	<u>19,113</u>	<u>1,835</u>	<u>65</u>	<u>21,013</u>
Expenses				
Program services	11,315	-	-	11,315
Management and general	3,440	-	-	3,440
Fundraising	690	-	-	690
Total expenses	<u>15,445</u>	<u>-</u>	<u>-</u>	<u>15,445</u>
Changes in Net Assets Before Contributions to Related Parties of Formerly Owned Senior Care Facilities and Adoption of UPMIFA	-	-	-	-
Contributions to Related Parties of Formerly Owned Senior Care Facilities	-	-	-	-
Net assets Reclassified as a Result of Adoption of UPMIFA	-	-	-	-
Change in Net Assets	3,668	1,835	65	5,568
Net Assets, Beginning of Year	<u>33,398</u>	<u>7,169</u>	<u>16,348</u>	<u>56,915</u>
Net Assets, End of Year	<u>\$ 37,066</u>	<u>\$ 9,004</u>	<u>\$ 16,413</u>	<u>\$ 62,483</u>

2009

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 12,355	\$ -	\$ -	\$ 12,355
1,594	100	53	1,747
203	-	-	203
7,845	544	5	8,394
238	213	(3)	448
159	-	-	159
102	(102)	-	-
<u>22,496</u>	<u>755</u>	<u>55</u>	<u>23,306</u>
11,323	-	-	11,323
3,821	-	-	3,821
778	-	-	778
<u>15,922</u>	<u>-</u>	<u>-</u>	<u>15,922</u>
6,574	755	55	7,384
(81)	-	(387)	(468)
<u>(2,303)</u>	<u>2,303</u>	<u>-</u>	<u>-</u>
4,190	3,058	(332)	6,916
<u>29,208</u>	<u>4,111</u>	<u>16,680</u>	<u>49,999</u>
<u>\$ 33,398</u>	<u>\$ 7,169</u>	<u>\$ 16,348</u>	<u>\$ 56,915</u>

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services
Consolidated Statements of Functional Expenses
Years Ended December 31, 2010 and 2009
(Dollars in Thousands)**

	2010			Total Expenses
	Program Services	Management and General	Fundraising	
Salaries and wages	\$ 7,764	\$ 1,580	\$ 369	\$ 9,713
Pension plan contributions	187	68	19	274
Other benefits and taxes	1,852	291	58	2,201
Professional services and fees	99	409	9	517
Office and information technology	99	238	19	356
Occupancy costs	264	301	2	567
Depreciation and amortization	214	250	5	469
Travel and transportation	411	78	96	585
Insurance	13	135	-	148
Personal services	303	1	-	304
Other	109	89	113	311
	<u>11,315</u>	<u>3,440</u>	<u>690</u>	<u>15,445</u>
Totals	<u>\$ 11,315</u>	<u>\$ 3,440</u>	<u>\$ 690</u>	<u>\$ 15,445</u>

2009

Program Services	Management and General	Fundraising	Total Expenses
\$ 7,395	\$ 1,521	\$ 369	\$ 9,285
178	58	26	262
2,159	560	71	2,790
122	471	15	608
104	275	26	405
277	260	6	543
240	195	10	445
444	97	61	602
22	294	-	316
278	-	-	278
104	90	194	388
\$ 11,323	\$ 3,821	\$ 778	\$ 15,922

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services
Consolidated Statements of Cash Flows
Years Ended December 31, 2010 and 2009
(Dollars in Thousands)**

	2010	2009
Operating Activities		
Change in net assets	\$ 5,568	\$ 6,916
Items not requiring (providing) operating activities cash flows		
Depreciation	469	445
Net realized and unrealized gains on investments	(5,841)	(8,281)
Change in deferred gift values	(435)	(99)
Changes in		
Accounts receivable	131	(55)
Due from related party	-	(163)
Contributions receivable	(7)	40
Prepaid expenses	7	(108)
Accounts payable and accrued expenses	(281)	681
Refundable advances	22	10
Other assets and current/noncurrent liabilities	(327)	301
	(694)	(313)
Investing Activities		
Purchase of property and equipment	(247)	(462)
Principal payments received on notes receivable	4	254
Net proceeds from investments	743	1,030
Purchase of insurance collateral	-	(61)
	500	761
Financing Activity		
Net proceeds from planned giving program	726	131
	726	131
Increase in Cash and Cash Equivalents	532	579
Cash and Cash Equivalents, Beginning of Year	2,494	1,915
Cash and Cash Equivalents, End of Year	\$ 3,026	\$ 2,494

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services**

**Consolidated Statements of Cash Flows
Years Ended December 31, 2010 and 2009
(Dollars in Thousands)**

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

Nature of Operations

The National Benevolent Association of the Christian Church (Disciples of Christ) d/b/a Disciples Benevolent Services (“DBS”) is one of the General Administrative Units of the General Assembly of the Christian Church (Disciples of Christ). DBS is a Missouri not-for-profit corporation. DBS serves the Church as its Division of Social and Health Services. DBS’ mission statement is: *In the loving and caring spirit of Christ, Disciples Benevolent Services will partner with regions, congregations, and others to develop ministries of care in response to the needs of their communities.*

DBS currently provides services through 10 separate programs. With the exception of the chaplaincy programs located in Austin, Texas and Glendale, Arizona, a local corporation of which DBS is the corporate member is responsible for the day-to-day operation of each program. The bylaws of each local corporation grant DBS, as the corporate member, certain rights (which vary from corporation to corporation) to take and approve certain actions in order to permit DBS to provide policies, guidance and assure that the activities of each corporation remain consistent with the overall ministry goals of DBS. DBS also makes certain administrative services such as financial accounting and fundraising available to these corporations.

DBS, in fulfillment of its mission, provides services to senior adults, families and children and the developmentally disabled.

At December 31, 2010 and 2009, there were eight programs in operation.

Name of Service Unit	Persons Served	Location
Florida Christian Center, Inc.	Senior Adults	Jacksonville, Florida
Christian Services for Children in Alabama, Inc.	Youth and Families	Selma, Alabama
ECHO/St. Louis Christian Home	Youth and Families	St. Louis, Missouri
Serra Residential Center, Inc.	Developmentally Disabled	Fremont, California
Woodhaven Learning Center	Developmentally Disabled	Columbia, Missouri
Dorothy Rueff Chaplaincy Care of Jacksonville	Senior Adults	Jacksonville, Illinois
DBS Chaplaincy Care of Des Moines	Senior Adults	Des Moines, Iowa
DBS Chaplaincy Care of Los Angeles	Senior Adults	Los Angeles, California
DBS Chaplaincy Care of Austin	Senior Adults	Austin, Texas
DBS Chaplaincy Care of Glendale	Senior Adults	Glendale, Arizona

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services
Consolidated Statements of Cash Flows
Years Ended December 31, 2010 and 2009
(Dollars in Thousands)**

Principles of Consolidation

The consolidated financial statements include the accounts of DBS, the DBS Central Offices located in St. Louis, Missouri and the National Benevolent Foundation, all of which are corporations of which DBS serves as the sole corporate member. All significant intercompany accounts and transactions have been eliminated.

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

Cash Equivalents

DBS considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2010 and 2009, cash equivalents consisted primarily of money market accounts and certificates of deposit.

The financial institutions holding DBS' cash accounts are participating in the FDIC's Transaction Account Guarantee Program. Under that program, through December 31, 2010, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions.

For financial institutions opting out of the FDIC's Transaction Account Guarantee Program or interest-bearing cash accounts, the FDIC's insurance limits were permanently increased to \$250,000, effective July 21, 2010. At December 31, 2010, DBS' interest-bearing cash accounts exceeded federally insured limits by approximately \$914.

Accounts Receivable

Accounts receivable from residents, patient and third-party payers have been recorded at the estimated net realizable value. Estimated retroactive adjustments are accrued in the period the related services are rendered and adjusted in future periods as final settlements are received. This generally does not require collateral or other security in extending credit to residents and patients. Accounts are considered delinquent and subsequently written off as bad debt based on individual credit evaluation and specific circumstances of the account, as determined by each Service Unit.

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services
Consolidated Statements of Cash Flows
Years Ended December 31, 2010 and 2009
(Dollars in Thousands)**

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 statement 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.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

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 a rate of 4% and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. These investments are classified as either current or long-term investments in the combined statements of financial position. These classifications are made to divide those investments held in trust in conjunction with pooled investment trusts, living trusts, unitrusts, annuity trusts and those investments permanently restricted by donors in conjunction with endowment agreements from other investments.

Investment return includes dividend; interest and other investment income; realized and unrealized gains and losses carried at fair value; and realized gains and losses on other investments. 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 combined statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services
Consolidated Statements of Cash Flows
Years Ended December 31, 2010 and 2009
(Dollars in Thousands)**

DBS maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Irrevocable Split-interest Agreements

DBS is the trustee of certain irrevocable split-interest agreements, including pooled life income funds, unitrusts and annuity trusts. Under the terms of these instruments, DBS is named as the trustee, current distributions are made to specified individuals and a remainder interest is to be distributed to DBS or one of its Service Units. Unitrusts are accounted for using the standard method, which pays the donors based on a fixed percentage. DBS is also the issuer of gift annuity agreements under which DBS, in exchange for a transfer of cash or other property, is obligated to pay an annuity to one or two individuals for their remaining lives. DBS recognizes any assets transferred as part of the initial payment at their fair values. Liabilities for the future payments to annuitants are recorded using published actuarial life expectancies and the Applicable Federal Rate at the date of the gift. Prior to 2006, DBS used assumed discount rates ranging from 11% to 4%. The difference between the fair value of donated assets and the calculated liability is recognized as contribution revenue in the year the irrevocable gift is made.

Each year, DBS recognizes net gains and losses on deferred gift values based on the investment income and market appreciation (depreciation) of trust assets, distributions to annuitants and releases of remainder trusts or gift annuities. Assets of the pooled life income funds, unitrusts and annuity trusts are held by DBS as the trustee pursuant to the terms of specific trust agreements. Assets transferred to DBS in exchange for a gift annuity become property of DBS and are not held in trust.

Property and Equipment

Property and equipment are recorded at cost, except for property received by gifts which is recorded at fair value on the date of receipt. DBS holds title to substantially all land and buildings of its Service Units. Title to equipment is vested with either the Service Unit or DBS. Property and equipment are depreciated on a straight-line basis over the useful life of each asset. Certain property and equipment are carried on the combined statements of financial position at appraised values as of 1965. Subsequent additions through December 31, 2010, have been at cost.

Other Noncurrent Liabilities

Other noncurrent liabilities are comprised of reserves established for self-insurance and other insurance reserves for the benefit of DBS and its Service Units.

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(Dollars in Thousands)**

Liability for Annuity Obligations

Liability for annuity obligations represent the net present value of future payments due under irrevocable agreements written in conjunction with certain deferred gift programs.

Funds Held in Trust

Funds held in trust are comprised primarily of revocable deferred gift deposit agreements and various unitrusts, annuity trusts, gift annuities and pooled fund agreements whose residual beneficiaries are not-for-profit entities other than DBS and its Service Units.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by DBS 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 DBS in perpetuity.

Fees for Services

Fees are for services derived from residents, third-party payers and others and are reported at the estimated realizable amounts. Revenues under third-party payer agreements are subject to audit and retroactive adjustments. Provisions for these adjustments are estimated in the current period and then adjusted, if necessary, when final settlements are determined.

Income Taxes

DBS and its Service Units are exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law, pursuant to a group exemption letter issued to the Disciples of Christ. However, DBS is subject to federal income tax on any unrelated business taxable income.

DBS files tax returns in the U.S. federal jurisdiction. With a few exceptions, DBS is no longer subject to U.S. federal and state examinations by tax authorities for years before 2007.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general and fundraising categories based on the best estimates of management.

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services**

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

(Dollars in Thousands)

Reclassifications

Certain reclassifications have been made to the 2009 financial statements to conform to the 2010 financial statement presentation. These reclassifications had no effect on the change in net assets.

Subsequent Events

Subsequent events have been evaluated through March 28, 2011, which is the date the consolidated financial statements were available to be issued.

Note 2: Investments and Investment Return

Investments at December 31, 2010 and 2009, consisted of the following:

	2010		2009	
	Current Investments	Long-Term Investments	Current Investments	Long-Term Investments
Money market funds	\$ -	\$ 297	\$ -	\$ 268
Equity securities				
Consumer staples	-	104	-	119
Energy	-	137	-	100
Health care	-	86	-	108
Technology	-	129	-	122
Industrials	-	105	-	110
Other	23	245	19	184
U.S. Treasury securities	199	-	194	-
Corporate debt securities	-	870	-	964
Mutual funds				
Balanced funds	-	3,787	-	3,832
Other	-	110	-	156
Christian Church Foundation funds				
Total return plan	31,067	15,472	26,207	15,404
Income-oriented plan	-	1,340	-	1,273
Annuity growth plan	3,898	-	4,480	-
	<u>\$ 35,187</u>	<u>\$ 22,682</u>	<u>\$ 30,900</u>	<u>\$ 22,640</u>

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services**

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

(Dollars in Thousands)

Total investment return is comprised of the following:

	2010	2009
Interest, dividends and rent income	\$ 290	\$ 203
Net realized and unrealized gains (losses) on investments reported at fair value	5,793	8,394
	\$ 6,083	\$ 8,597

DBS invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

Note 3: Contributions Receivable

Temporarily restricted contributions receivable are expected to be received as follows:

	2010	2009
Due within one year	\$ 5	\$ 8
Due in one to five years	28	18
	33	26
Less unamortized discount	1	1
	\$ 32	\$ 25

The rate utilized for discounting contributions receivable was 4%.

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services**

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

(Dollars in Thousands)

Note 4: Property and Equipment

Property and equipment at December 31, 2010 and 2009, consists of:

	2010	2009
Land	\$ 1,105	\$ 1,105
Buildings and leasehold improvements	10,987	10,709
Furniture and equipment	1,510	1,458
Construction in progress	23	189
	<hr/> 13,625	<hr/> 13,461
Less accumulated depreciation	6,638	6,248
	<hr/> \$ 6,987 <hr/>	<hr/> \$ 7,213 <hr/>

Note 5: Annuities and Trusts Payable

DBS is the recipient of gift annuities which require future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value. DBS has recorded a liability at December 31, 2010 and 2009, of approximately \$4,990 and \$5,426, respectively, which represents the present value of the future annuity obligations. The liability has been determined using discount rates ranging from 4% to 11%, based on applicable mortality tables.

DBS administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the use of DBS. The portion of the trust attributable to the future interest of DBS is recorded in the statement of activities as temporarily restricted contributions in the period the trust is established. Assets held in the charitable remainder trusts are recorded at fair value in DBS' statement of financial position. On an annual basis, DBS revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions.

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services**

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

(Dollars in Thousands)

Note 6: Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2010</u>	<u>2009</u>
Purpose Restrictions		
Purchase or repair of property or equipment	\$ 1,998	\$ 1,750
Educational	1,142	1,001
Funds held by Christian Church Foundation, Inc.	145	135
Deferred gift agreements	<u>2,043</u>	<u>1,955</u>
	5,328	4,841
For periods after December 31	<u>3,676</u>	<u>2,328</u>
	<u>\$ 9,004</u>	<u>\$ 7,169</u>

Permanently Restricted Net Assets

Permanently restricted net assets are restricted to investment in perpetuity. The income derived from most permanently restricted net assets is to be used for the support of unrestricted program activities.

Net Assets Released from Restrictions

Net assets were released from donor restrictions for continuing operations by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. For the years ended December 31, 2010 and 2009, temporarily restricted net assets were released as follows:

	<u>2010</u>	<u>2009</u>
Expiration of time restrictions	\$ 22	\$ 29
Assets transferred subject to restrictions	-	(5)
Restriction released	18	8
Purpose restrictions accomplished		
Educational/program support	<u>887</u>	<u>70</u>
	<u>\$ 927</u>	<u>\$ 102</u>

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(Dollars in Thousands)**

Note 7: Beneficial Interest in Perpetual Trust Held by Related Party

DBS and the Christian Church Foundation, Inc. (the "Foundation") are related parties that are not financially interrelated organizations. Each organization is one of 18 General Ministries of the Christian Church (Disciples of Christ). These ministries address broad areas of work, central administrative functions and specialized study and services to meet responsibilities of the Church in its mission of witness and service to the world. In the absence of donor restrictions, the Foundation has discretionary control over the amounts and timing of its distributions to DBS.

The Foundation has not made contributions to DBS during the years ended December 31, 2010 and 2009. DBS assets held by the Foundation are recorded at fair value by the Foundation. DBS has recorded a receivable at December 31, 2010 and 2009, of approximately \$645 and \$600, respectively. The change in value of the receivable is recorded in contribution revenue on the statement of activities.

Note 8: Pension Plan

The employees of DBS and electing Service Units can participate in a contributory, defined benefit pension plan which is administered by the Pension Fund of the Christian Church (Disciples of Christ), Indianapolis, Indiana. This is a multiemployer pension plan which does not accumulate data on an individual employer basis and accordingly, such disclosure is not possible in accordance with SFAS No. 158. Total pension expense for 2010 and 2009 was \$274 and \$262, respectively.

Note 9: Significant Estimates

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates. Those matters include the following:

Insurance

Since 1995, DBS has purchased insurance for workers' compensation with a \$350 deductible per occurrence. At December 31, 2010 and 2009, based on actuarial estimates, DBS has provided an accrual of \$808 and \$823, respectively. At December 31, 2010 and 2009, the insurers are holding approximately \$453 in cash collateral for these related occurrences, which are included as investments in the combined statements of financial position. Effective March 2005, DBS has purchased insurance for workers' compensation with no deductible per occurrence.

Effective June 15, 2003, DBS established an "exposure-buy-back program" underwritten by an "A" rated insurance company. Exposure-buy-back is a form of self-insurance and there is no risk transfer from DBS to the underwriter. At inception, the loss fund was funded at a level of \$1,000, thus providing coverage of \$1,000 per occurrence and \$1,000 aggregate. As of December 31, 2010

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(Dollars in Thousands)**

and 2009, the loss fund was funded at a level of \$1,733 thus providing coverage of \$1,000 per occurrence and \$1,733 in aggregate, respectively. To the extent general and professional liability claims and related defense costs exceed the allocated funds available in the loss funds, such excess claims or losses must be satisfied from general assets. Liability insurance expense for 2010 and 2009 was \$100 and \$250. Effective March 2005, DBS terminated the “exposure-buy-back program” and replaced it with a traditional liability insurance policy.

Current Economic Conditions

The current protracted economic decline continues to present not-for-profit organizations with difficult circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets and declines in contributions. The financial statements have been prepared using values and information currently available to DBS.

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 could have an adverse impact on DBS’ future operating results.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statement could change rapidly, resulting in material future adjustments in investment values and allowances for contributions receivable that could negatively impact DBS’ ability to maintain sufficient liquidity.

Note 10: Contribution to Related Parties of Formerly Owned Senior Care Facilities

Prior to its emergence from bankruptcy, DBS sold all of the senior care facilities operated by its Service Units. Upon emergence from bankruptcy, parties representing the interests of indigent residents of several former DBS senior care facilities asserted claims (in most cases through legal counsel and in one case by a lawsuit) seeking certain restricted funds held by DBS Service Units that had operated the senior care facilities. During 2010, DBS was able to amicably resolve one additional such claim, through the transfer of certain restricted funds to a tax-exempt organization. An estimate of the amount was accrued in 2009. State attorney general approval was obtained authorizing the transfer of those funds and restricting the use of the funds transferred to the original donor restriction. In addition, in resolving each claim, DBS obtained a written settlement and release. DBS believes no claims remain to be resolved.

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(Dollars in Thousands)**

Note 11: Disclosures About Fair Value of Assets and Liabilities

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*, 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. Topic 820 also specifies 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 active 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

Following is a description of the valuation methodologies and inputs used for instruments 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 instruments pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 investments include money market funds, mutual funds and exchange traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 investments include certain debt obligations and U.S. Treasury securities. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. DBS has no Level 3 investments.

Beneficial Interest in Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

The following tables present the fair value measurements of assets recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2010 and 2009:

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services**

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

(Dollars in Thousands)

	2010			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 297	\$ 297	\$ -	\$ -
Equity securities				
Consumer staples	\$ 104	\$ 104	\$ -	\$ -
Energy	\$ 137	\$ 137	\$ -	\$ -
Health care	\$ 86	\$ 86	\$ -	\$ -
Technology	\$ 129	\$ 129	\$ -	\$ -
Industrials	\$ 105	\$ 105	\$ -	\$ -
Other	\$ 268	\$ 268	\$ -	\$ -
U.S. Treasury securities	\$ 199	\$ -	\$ 199	\$ -
Corporate debt securities	\$ 869	\$ -	\$ 869	\$ -
Mutual funds				
Balanced funds	\$ 3,787	\$ 3,787	\$ -	\$ -
Other	\$ 110	\$ 110	\$ -	\$ -
Christian Church Foundation funds				
Total return plan	\$ 46,540	\$ 177	\$ 46,363	\$ -
Income-oriented plan				
Money market funds	\$ 51	\$ 51	\$ -	\$ -
Equity securities				
Consumer staples	\$ 85	\$ 85	\$ -	\$ -
Energy	\$ 140	\$ 140	\$ -	\$ -
Financials	\$ 183	\$ 183	\$ -	\$ -
Health care	\$ 123	\$ 123	\$ -	\$ -
Other	\$ 246	\$ 246	\$ -	\$ -
Corporate debt securities	\$ 247	\$ -	\$ 247	\$ -
U.S. Treasury securities	\$ 266	\$ -	\$ 266	\$ -
Annuity growth plan				
Corporate debt securities	\$ 3,793	\$ -	\$ 3,793	\$ -
Money market funds	\$ 104	\$ 104	\$ -	\$ -
Beneficial interest in perpetual trust held by related party	\$ 645	\$ -	\$ 645	\$ -

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services**

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

(Dollars in Thousands)

	2009			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 268	\$ 268	\$ -	\$ -
Equity securities				
Consumer staples	\$ 119	\$ 119	\$ -	\$ -
Energy	\$ 100	\$ 100	\$ -	\$ -
Health care	\$ 108	\$ 108	\$ -	\$ -
Technology	\$ 122	\$ 122	\$ -	\$ -
Industrials	\$ 110	\$ 110	\$ -	\$ -
Other	\$ 203	\$ 203	\$ -	\$ -
U.S. Treasury securities	\$ 194	\$ -	\$ 194	\$ -
Corporate debt securities	\$ 964	\$ -	\$ 964	\$ -
Mutual funds				
Balanced funds	\$ -	\$ 3,832	\$ -	\$ -
Other	\$ -	\$ 156	\$ -	\$ -
Christian Church Foundation funds				
Total return plan	\$ 41,611	\$ 654	\$ 40,957	\$ -
Income-oriented plan				
Money market funds	\$ 50	\$ 50	\$ -	\$ -
Equity securities				
Energy	\$ 127	\$ 127	\$ -	\$ -
Financials	\$ 200	\$ 200	\$ -	\$ -
Health care	\$ 74	\$ 74	\$ -	\$ -
Information technology	\$ 85	\$ 85	\$ -	\$ -
Other	\$ 229	\$ 229	\$ -	\$ -
Corporate debt securities	\$ 271	\$ -	\$ 271	\$ -
U.S. Treasury securities	\$ 237	\$ -	\$ 237	\$ -
Annuity growth plan				
Corporate debt securities	\$ 4,431	\$ -	\$ 4,431	\$ -
Money market funds	\$ 49	\$ 49	\$ -	\$ -
Beneficial interest in perpetual trust held by related party	\$ 600	\$ -	\$ 600	\$ -

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services**

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

(Dollars in Thousands)

Note 12: Endowment

DBS's endowment consists of approximately 190 individual funds established for a variety of purposes. DBS's definition of endowment is limited to donor-restricted 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.

The DBS's governing body has interpreted the State of Missouri 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, DBS 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. For each individual fund where the value exceeds the permanently restricted amount the remaining portion of the donor-restricted endowment fund is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by DBS in a manner consistent with the standard of prudence prescribed by SPMIFA. For each individual fund where the value is less than the permanently restricted portion the deficit amount is classified as unrestricted net assets. In accordance with SPMIFA, DBS 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 DBS 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 DBS
7. Investment policies of DBS

The composition of net assets by type of endowment fund at December 31, 2010 and 2009, was:

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (49)	\$ 3,726	\$ 16,413	\$ 20,090
	2009			
Donor-restricted endowment funds	\$ (305)	\$ 2,303	\$ 16,348	\$ 18,346

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services**

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

(Dollars in Thousands)

Changes in endowment net assets for the years ended December 31, 2010 and 2009, were:

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (305)	\$ 2,303	\$ 16,348	\$ 18,346
Investment return				
Investment income	1	31	-	32
Net appreciation	255	2,072	3	2,330
Total investment return	256	2,103	3	2,362
Contributions	-	-	4	4
Appropriation of endowment assets for expenditure pursuant to court approved settlement	-	27	54	81
Actuarial changes (released planned gifts)	-	-	4	4
Appropriation of endowment assets for expenditure per spending policy	-	(707)	-	(707)
Endowment net assets, end of year	<u>\$ (49)</u>	<u>\$ 3,726</u>	<u>\$ 16,413</u>	<u>\$ 20,090</u>
	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (1,267)	\$ -	\$ 16,680	\$ 15,413
Net assets reclassified as a result of adoption of UPMIFA	(2,303)	2,303	-	-
Investment return				
Investment income	27	-	-	27
Net appreciation	3,691	-	5	3,696
Total investment return	3,718	-	5	3,723
Contributions	-	-	50	50
Appropriation of endowment assets for expenditure pursuant to court approved settlement	(81)	-	(387)	(468)
Appropriation of endowment assets for expenditure per spending policy	(372)	-	-	(372)
Endowment net assets, end of year	<u>\$ (305)</u>	<u>\$ 2,303</u>	<u>\$ 16,348</u>	<u>\$ 18,346</u>

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(Dollars in Thousands)**

Amounts of donor-restricted endowment funds classified as permanently and temporarily restricted net assets at December 31, 2010 and 2009, consisted of:

	<u>2010</u>	<u>2009</u>
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation	\$ 16,413	\$ 16,348
Temporarily restricted net assets - value of perpetual endowment funds in excess of amounts required to be retained permanently by explicit donor stipulation	\$ 3,726	\$ 2,303

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level DBS 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 \$49 and \$305 at December 31, 2010 and 2009, respectively. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain purposes that was deemed prudent by the governing body.

In investing the funds of its permanent endowments, DBS has adopted a total return strategy in which investment returns are achieved through both current yield and realized/unrealized capital appreciation and which target a diversified asset allocation that places a greater emphasis on equity based securities to achieve long term return objectives within prudent risk constraints. To that end, DBS has invested the funds comprising approximately ninety percent (90%) of its permanently restricted endowments in the Common Fund and the Campbell Fund maintained by the Christian Church Foundation (Disciples of Christ) which funds are expected to produce results which, over time, will exceed four percent (4%) and five percent (5%), respectively, for the Common Fund and the Campbell Fund and which assume a moderate level of investment risk although actual returns in a given year will vary.

In order to provide a predictable stream of funding to programs from its permanently restricted endowment funds while seeking to maintain the purchasing power of the permanent funds, DBS has appropriated for expenditure each year four percent (4%) or five percent (5%) of the average fair value of the fund invested in the Common Fund and the Campbell Fund, respectively. Although DBS has not adopted a formal spending policy, over the long term, DBS believes that these expenditures will allow its permanently restricted endowment funds to grow at an average rate that will exceed the spending rate and maintain the purchasing power of its permanently restricted endowment funds. Of the remaining 10 percent (10%) of the funds comprising its

**The National Benevolent Association of the
Christian Church (Disciples of Christ)
d/b/a Disciples Benevolent Services
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(Dollars in Thousands)**

permanently restricted endowments, DBS has invested more than seven percent (7%) in a fund with a strong emphasis on equities from which only the actual income earned is appropriated for expenditures each year and the remaining less than three percent (3%) of the funds comprising its permanently restricted funds are variously invested.