

No. 1108

**Report of Disciples of Christ Historical Society to the General Board and
General Assembly of the Christian Church (Disciples of Christ)**

Glenn Thomas Carson, President

Our Vision

At Disciples of Christ Historical Society we envision the unity of all persons of faith through shared understanding of individual histories and creeds.

Our Mission

The mission of Disciples of Christ Historical Society is to proclaim the Gospel of Jesus Christ by preserving the heritage and telling the story of the Stone-Campbell tradition.

Disciples of Christ Historical Society is the primary archive and collective memory for Stone-Campbell congregations throughout the world. Our purpose is to collect and maintain documents and artifacts, and we are an agency of proclamation. Like our founders we believe in the unity of all people of faith. Our mission, then, is to insure that the ideal which was delivered to us – an open and welcoming Church – will remain available for the generations to come.

How does DCHS contribute to the movement for wholeness in a fragmented world?

We helped congregations in 87 countries plan their Great Communion (bicentennial of Thomas Campbell's *Declaration and Address*) celebrations in October 2009. This is one example of the vital work of the Historical Society. To discover our ministry visit www.disciplehistory.org.

Disciples Mission Fund

Disciples of Christ Historical Society gratefully acknowledges the receipt of DMF monies in 2010, which represented 12% of our overall budget.

Submitted by the President on behalf of DCHS and its Board of Trustees
February 2011

The General Board has reviewed Report No. 1108 from Disciples of Christ Historical Society. The report is submitted to the General Assembly for consideration and discussion. No action is required. (Discussion time 12 minutes)

DISCIPLES OF CHRIST HISTORICAL SOCIETY

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

December 31, 2010 and 2009

DISCIPLES OF CHRIST HISTORICAL SOCIETY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Disciples of Christ Historical Society
Nashville, Tennessee

We have audited the accompanying statements of financial position of Disciples of Christ Historical Society (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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.

As more fully described in Note 1 to the financial statements, certain property and equipment are stated at estimated appraisal value in the accompanying statements of financial position. Additionally, no depreciation expense is reported. In our opinion, property and equipment should be recorded at cost, if purchased, or at fair value, if donated or contributed, to conform with accounting principles generally accepted in the United States of America, and those amounts should be depreciated over the estimated useful lives of the assets. The effects on the financial statements of the preceding practices are not reasonably determinable. Additionally, because of the lack of available historical records, we were unable to satisfy ourselves regarding the nature and classification of certain net assets received in years prior to our engagement as auditors. Disciples of Christ Historical Society Board of Trustees is aware of the lack of such records.

In our opinion, except for the effects of the matters discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Disciples of Christ Historical Society as of December 31, 2010 and 2009, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 18 – 19 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 auditing procedures applied in the audits of the basic financial statements and, in our opinion, except for the effects of property and equipment stated at estimated appraisal values and a lack of historical records relating to classification of net assets as explained in the third paragraph above, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Frasier, Dean + Howard, PLLC

March 21, 2011

DISCIPLES OF CHRIST HISTORICAL SOCIETY
STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents	\$ 161,077	\$ 641,298
Investments	3,274,535	3,035,833
Pledges receivable	134,620	-
Property and equipment	4,584,031	4,584,031
Beneficial interest in trust	38,184	78,971
	<u>38,184</u>	<u>78,971</u>
Total assets	<u>\$ 8,192,447</u>	<u>\$ 8,340,133</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 2,542	\$ 60,806
	<u>2,542</u>	<u>60,806</u>
Net assets:		
Unrestricted:		
Undesignated	6,848,481	7,103,854
Board designated	144,967	154,198
Temporarily restricted	410,599	235,417
Permanently restricted	785,858	785,858
	<u>785,858</u>	<u>785,858</u>
Total net assets	<u>8,189,905</u>	<u>8,279,327</u>
Total liabilities and net assets	<u>\$ 8,192,447</u>	<u>\$ 8,340,133</u>

See accompanying notes.

DISCIPLES OF CHRIST HISTORICAL SOCIETY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and public support:				
Gifts and donations	\$ 257,296	\$ 134,620	\$ -	\$ 391,916
Investment income	315,080	71,263	-	386,343
Miscellaneous revenue	23,153	-	-	23,153
Sales and service	4,276	-	-	4,276
Memberships	750	-	-	750
Loss on beneficial interest in trust	(40,787)	-	-	(40,787)
Net assets released from restrictions	30,701	(30,701)	-	-
Total revenue and public support	<u>590,469</u>	<u>175,182</u>	<u>-</u>	<u>765,651</u>
Expenses:				
Salaries	295,147	-	-	295,147
Other	80,543	-	-	80,543
Repairs and maintenance	74,926	-	-	74,926
Benefits	72,990	-	-	72,990
Publications	66,739	-	-	66,739
Museum and library	54,728	-	-	54,728
Technology enhancement	42,890	-	-	42,890
Housing	38,216	-	-	38,216
Travel	33,244	-	-	33,244
Utilities	24,770	-	-	24,770
Payroll taxes	21,967	-	-	21,967
Office	14,033	-	-	14,033
Marketing and advertising	12,006	-	-	12,006
Insurance	8,578	-	-	8,578
Professional fees	8,000	-	-	8,000
Postage and handling	6,288	-	-	6,288
Seminars	8	-	-	8
Total expenses	<u>855,073</u>	<u>-</u>	<u>-</u>	<u>855,073</u>
Change in net assets	(264,604)	175,182	-	(89,422)
Net assets, beginning of year	<u>7,258,052</u>	<u>235,417</u>	<u>785,858</u>	<u>8,279,327</u>
Net assets, end of year	<u>\$ 6,993,448</u>	<u>\$ 410,599</u>	<u>\$ 785,858</u>	<u>\$ 8,189,905</u>

See accompanying notes.

DISCIPLES OF CHRIST HISTORICAL SOCIETY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and public support:				
Gifts and donations	\$ 1,026,435	\$ -	\$ -	\$ 1,026,435
Investment income	521,794	121,600	-	643,394
Miscellaneous revenue	238,062	-	-	238,062
Sales and service	13,318	-	-	13,318
Memberships	175	-	-	175
Net assets released from restrictions	14,469	(14,469)	-	-
Total revenue and public support	<u>1,814,253</u>	<u>107,131</u>	<u>-</u>	<u>1,921,384</u>
Expenses:				
Salaries	266,354	-	-	266,354
Repairs and maintenance	216,168	-	-	216,168
Benefits	76,065	-	-	76,065
Other	68,719	-	-	68,719
Publications	60,870	-	-	60,870
Museum and library	51,617	-	-	51,617
Technology enhancement	48,656	-	-	48,656
Professional fees	44,967	-	-	44,967
Housing	38,216	-	-	38,216
Marketing and advertising	35,528	-	-	35,528
Travel	29,937	-	-	29,937
Office	29,779	-	-	29,779
Utilities	27,179	-	-	27,179
Payroll taxes	19,475	-	-	19,475
Insurance	9,405	-	-	9,405
Postage and handling	8,888	-	-	8,888
Seminars	4,313	-	-	4,313
Total expenses	<u>1,036,136</u>	<u>-</u>	<u>-</u>	<u>1,036,136</u>
Change in net assets	778,117	107,131	-	885,248
Net assets, beginning of year	<u>6,479,935</u>	<u>128,286</u>	<u>785,858</u>	<u>7,394,079</u>
Net assets, end of year	<u>\$ 7,258,052</u>	<u>\$ 235,417</u>	<u>\$ 785,858</u>	<u>\$ 8,279,327</u>

See accompanying notes.

DISCIPLES OF CHRIST HISTORICAL SOCIETY
STATEMENTS OF CASH FLOWS
Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ (89,422)	\$ 885,248
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized and unrealized gain on investments	(386,343)	(628,254)
Changes in operating assets and liabilities:		
Pledges receivable	(134,620)	9,804
Beneficial interest in trust	40,787	(15,141)
Other	-	225
Accounts payable and accrued expenses	<u>(58,264)</u>	<u>50,489</u>
Net cash (used in) provided by operating activities	<u>(627,862)</u>	<u>302,371</u>
Cash flows from investing activities:		
Purchases of property and equipment	-	(9,166)
Proceeds from sales of investments	<u>147,641</u>	<u>233,348</u>
Net cash provided by investing activities	<u>147,641</u>	<u>224,182</u>
Net (decrease) increase in cash and cash equivalents	(480,221)	526,553
Cash and cash equivalents, beginning of year	<u>641,298</u>	<u>114,745</u>
Cash and cash equivalents, end of year	<u>\$ 161,077</u>	<u>\$ 641,298</u>

See accompanying notes.

DISCIPLES OF CHRIST HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Disciples of Christ Historical Society (“the Society”) was established in 1953 to gather, preserve, and make accessible the historical documents of the Stone-Campbell religious movement. In doing so, the Society maintains and furthers the interest in the religious heritage, background, origin, development and general history of Disciples of Christ, Christian Churches, Churches of Christ and related groups. The Society is a not-for-profit, Tennessee corporation located in Nashville, Tennessee.

Accounting Standards Codification

The Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) became the sole authoritative source of generally accepted accounting principles in the United States of America for periods ending after September 15, 2009. The FASB ASC incorporates all authoritative literature previously issued by a standard setter. Adoption of the FASB ASC has no effect on the Society's statements of financial position, activities and changes in net assets, or cash flows.

Financial Statement Presentation

The Society follows the standards of accounting and reporting prescribed for nonprofit organizations using the accrual basis of accounting.

The Society’s net assets and its support, revenue, expenses, gains, and losses are classified into three classes of net assets based on the existence of donor-imposed restrictions. Net assets of the Society and changes therein are classified as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. Such assets may be however, designated by the Society’s board of directors for certain activities.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Society and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on related investments for general or specific purposes.

Because of a lack of available historical records, the Society has grouped its net assets into the categories above based on the best information currently available.

**DISCIPLES OF CHRIST HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Society reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

In-Kind Contributions

Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received.

The Society receives contributed time from volunteers which does not meet the recognition criteria described above. Accordingly, the value of this contributed time, including time contributed by the Society's board of directors, is not reflected in the accompanying financial statements.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Society considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are reported at fair value as described in Note 2. Gains or losses in the value of such investments are reported in the statements of activities and changes in net assets in the period they occur.

Property and Equipment

Land and buildings are recorded at estimated appraisal value. Furniture and equipment is recorded at cost. Contributions of property and equipment are reported at their fair value. The Society does not record depreciation.

Values attributable to historic collections are only recognized in the financial statements if the values attributable to such historical treasures are measurable in monetary terms.

Advertising Costs

The Society expenses advertising costs as incurred.

**DISCIPLES OF CHRIST HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Society has qualified for tax exempt status under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation.

On January 1, 2009 the Society adopted FASB ASC guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This interpretation prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Society has no tax penalties or interest reported in the accompanying financial statements. Adoption of this guidance had no impact on the Society's financial position or activities.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Endowment Funds

The Uniform Prudent Management Institutional Funds Act ("UPMIFA") was enacted in Tennessee effective July 1, 2007. The FASB ASC provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of UPMIFA. It also requires disclosure of a description of the governing board's interpretation of the law that underlies the organization's net asset classification of donor-restricted endowment funds, a description of the organization's policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of the organization's endowment investment policies, and additional disclosures not previously required.

Subsequent Events

The Society evaluated subsequent events through March 21, 2011, when these financial statements were available to be issued. The Society is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

**DISCIPLES OF CHRIST HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009**

NOTE 2 – FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Society has adopted the fair value measurement topic of the FASB ASC, which establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.

Level 2 Inputs to the valuation methodology include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. A description of the valuation methodologies used for assets measured at fair value is as follows:

Pooled Mutual Funds (Beasley and Common): Valued at the net asset value ("NAV") of underlying shares held by the Society at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Society's investments at fair value as of December 31:

DISCIPLES OF CHRIST HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE 2 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)

	<u>2010</u>		<u>2009</u>	
	<u>Fair Market Value</u>	<u>Quoted Prices for Similar Items in Active Markets (Level 2)</u>	<u>Fair Market Value</u>	<u>Quoted Prices for Similar Items in Active Markets (Level 2)</u>
Beasley Fund	\$ 2,383,650	\$ 2,383,650	\$ 2,208,420	\$ 2,208,420
Common Fund	<u>890,885</u>	<u>890,885</u>	<u>827,413</u>	<u>827,413</u>
	<u>\$ 3,274,535</u>	<u>\$ 3,274,535</u>	<u>\$ 3,035,833</u>	<u>\$ 3,035,833</u>

The Society's investment policy generally requires that 75% of its portfolio be invested in the Beasley Fund (a more aggressive fund) and 25% of the portfolio be invested in the Common Fund (a more conservative fund) of the Christian Church Foundation located in Indianapolis, Indiana.

Investment income totaled \$386,343 and \$643,394 for the years ended December 31, 2010 and 2009, respectively.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2010</u>	<u>2009</u>
Land	\$ 100,000	\$ 100,000
Building	4,000,000	4,000,000
Furnishings and fixtures	121,620	121,620
Library and museum holdings	325,700	325,700
Office equipment	6,200	6,200
Automobile	<u>30,511</u>	<u>30,511</u>
	<u>\$ 4,584,031</u>	<u>\$ 4,584,031</u>

As discussed in Note 1, and consistent with its previous practices, the Society has recorded property and equipment at management's estimate of appraised value for certain assets rather than at historical cost as required by U.S. generally accepted accounting principles. Also, the Society has not recorded depreciation on its property and equipment.

The Society conducts its operations on land conveyed to the Society by Vanderbilt University. Subject to the conveyance, Vanderbilt maintains a right of first refusal should the Society decide to sell its property.

DISCIPLES OF CHRIST HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE 4 – BOARD DESIGNATED NET ASSETS

The Board of Directors has placed voluntary designations on certain unrestricted net assets. Board designated net assets are available for the following purposes at December 31:

	<u>2010</u>	<u>2009</u>
General operations	\$ 39,681	\$ 39,681
Continuing education	23,580	21,258
Care and preservation	15,564	14,084
Technology enhancements	10,203	29,747
Capital purchases	43,205	38,292
Building maintenance	<u>12,734</u>	<u>11,136</u>
Total board designated net assets	<u>\$ 144,967</u>	<u>\$ 154,198</u>

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2010</u>	<u>2009</u>
Lectureships and seminars	\$ 100,100	\$ 71,673
Building maintenance	50,200	62,343
Building repairs and updates	7,303	7,303
Publications	1,358	(10,336)
Life memberships	8,149	6,552
Internship salary	5,542	4,103
Care and preservation	18,728	13,923
Ph.D. candidate outreach	8,976	6,593
Society expansion	10,273	7,913
Other, including time restrictions	<u>199,970</u>	<u>65,350</u>
Total temporarily restricted net assets	<u>\$ 410,599</u>	<u>\$ 235,417</u>

NOTE 6 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of endowment funds subject to the restrictions of gift instruments generally requiring that the principal be invested in perpetuity, the income from which is expendable to support the following various purposes at December 31:

DISCIPLES OF CHRIST HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE 6 – PERMANENTLY RESTRICTED NET ASSETS (Continued)

	<u>2010</u>	<u>2009</u>
General operations	\$ 417,200	\$ 417,200
Lectureships and seminars	210,576	210,576
Publications	61,160	61,160
Life memberships	11,100	11,100
Internship salary	10,000	10,000
Care and preservation	34,081	34,081
Ph.D. candidate outreach	25,000	25,000
Society expansion	<u>16,741</u>	<u>16,741</u>
Total permanently restricted net assets	<u>\$ 785,858</u>	<u>\$ 785,858</u>

NOTE 7 – ENDOWMENT ACCOUNTS

The Society's endowment consists of board designated net assets and donor restricted gifts held in investment accounts. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

Changes in Endowment Net Assets for the fiscal year ended December 31, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 2,014,558	\$ 235,417	\$ 785,858	\$ 3,035,833
Investment return:				
Board approved draws	(147,641)	-	-	(147,641)
Net realized and unrealized gains	<u>315,080</u>	<u>71,263</u>	<u>-</u>	<u>386,343</u>
Endowment net assets, end of year	<u>\$ 2,181,997</u>	<u>\$ 306,680</u>	<u>\$ 785,858</u>	<u>\$ 3,274,535</u>

**DISCIPLES OF CHRIST HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009**

NOTE 7 – ENDOWMENT ACCOUNTS (Continued)

Changes in Endowment Net Assets for the fiscal year ended December 31, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,726,783	\$ 128,286	\$ 785,858	\$ 2,640,927
Investment return:				
Board approved draws	(233,348)	-	-	(233,348)
Net realized and unrealized gains	<u>521,123</u>	<u>107,131</u>	<u>-</u>	<u>628,254</u>
Endowment net assets, end of year	<u>\$ 2,014,558</u>	<u>\$ 235,417</u>	<u>\$ 785,858</u>	<u>\$ 3,035,833</u>

Interpretation of Relevant Law

The Society has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society 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 the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. No endowment funds had fair values below the level that the donor or UPMIFA required at December 31, 2010 or 2009.

DISCIPLES OF CHRIST HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE 7 – ENDOWMENT ACCOUNTS (Continued)

Endowment Investment Policy and Risk Parameters

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period.

Under this policy, the Society's investment policy generally requires that 75% of its portfolio be invested in the Beasley Fund (a more aggressive fund) and 25% of the portfolio be invested in the Common Fund (a more conservative fund) of the Christian Church Foundation located in Indianapolis, Indiana.

Strategies Employed for Achieving Investment Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Society has a policy of withdrawing a board approved amount from the endowment accounts on a monthly basis. Additionally, the Board of Directors may direct special allocations of the endowment funds be distributed to the Society's operating account to satisfy operating expenses that the Society has been unable to pay through day-to-day operations. Specific agreements with donors for income taken relative to their specific endowment gifts are exempted.

NOTE 8 – RETIREMENT PLAN

Employees of the Society are covered under a retirement plan as provided by the pension fund of the Christian Church (Disciples of Christ). Under the plan, the Society contributes 14% of covered salaries on behalf of eligible employees. Retirement expense totaled \$26,757 and \$31,047 for the years ended December 31, 2010 and 2009, respectively.

NOTE 9 – CONCENTRATIONS

At times throughout the year, the Society may maintain cash balances at financial institutions in excess of FDIC insured limits. At December 31, 2010, the Society was within these limits. Amounts in excess of these limits totaled \$83,655 at December 31, 2009.

DISCIPLES OF CHRIST HISTORICAL SOCIETY
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2010 and 2009

NOTE 10 – MISCELLANEOUS REVENUE

Miscellaneous revenues for the year ended December 31, 2009 includes approximately \$216,000 of insurance proceeds relating to water damage to the Society's facility. Related expenses are included in repairs and maintenance.

SUPPLEMENTAL INFORMATION

DISCIPLES OF CHRIST HISTORICAL SOCIETY
SCHEDULE OF NET ASSETS BY FUND
December 31, 2010

Fund Name	Unrestricted		Temporarily Restricted	Permanently Restricted	Total Fund Balance
	Undesignated	Board Designated			
General Operations Fund	\$ 6,573,439	\$ -	\$ 134,620	\$ -	\$ 6,708,059
Eva Jean Wrather Endowment Fund	186,613	-	-	290,350	476,963
Forrest H. Kirkpatrick Endowment Fund	-	-	80,992	171,374	252,366
Lin & Inez Scott Cartwright Endowment Fund	60,947	-	-	99,000	159,947
Brown-McAllister Annuity	-	-	65,350	-	65,350
Howard E. Short Periodicals Endowment Fund	-	-	(8,242)	61,160	52,918
Mildred W. Phillips Building Endowment Fund	-	-	50,200	-	50,200
Dale & Betty Fiers Endowment Fund	15,980	-	-	27,850	43,830
Equipment and Furnishing Endowment Fund	-	43,205	-	-	43,205
Forrest Reed Lecture Endowment Fund	-	-	11,658	26,452	38,110
Willis Jones Endowment Fund	9,789	26,505	-	-	36,294
Carl Ketcherside Scholarship Endowment Fund	-	-	8,976	25,000	33,976
Land Acquisition & Insurance Endowment Fund	-	-	10,273	16,741	27,014
Dietrich Bonhoeffer Confessing Church Endowment Fund	-	-	9,417	17,500	26,917
Continuing Education Fund	-	23,580	-	-	23,580
Joe A. & Nancy Vaughn Stalcup Seminar Endowment Fund	-	-	7,450	12,750	20,200
Wade Rubick Endowment Fund	-	-	8,149	11,100	19,249
Edward G. Holley Book Endowment Fund	-	-	5,725	10,787	16,512
Historical Material Preservation Fund	-	15,564	-	-	15,564
Cannon-Benoit Internship Endowment Fund	-	-	5,542	10,000	15,542
Museum Endowment Fund	-	12,734	-	-	12,734
Technology Endowment Fund	-	10,203	-	-	10,203
James & Dudley Seale Publications Endowment Fund	-	-	9,600	-	9,600
Henry Barton Robison Endowment Fund	-	-	3,586	5,794	9,380
Roland & Kitty Huff Endowment Fund	-	8,030	-	-	8,030
Watkins Reading Room Fund	-	-	7,303	-	7,303
Peter & Lynn Morgan Endowment Fund	1,713	5,146	-	-	6,859
Total	\$ 6,848,481	\$ 144,967	\$ 410,599	\$ 785,858	\$ 8,189,905

DISCIPLES OF CHRIST HISTORICAL SOCIETY
SCHEDULE OF NET ASSETS BY FUND
December 31, 2009

Fund Name	Unrestricted		Temporarily Restricted	Permanently Restricted	Total Fund Balance
	Undesignated	Board Designated			
General Operations Fund	\$ 6,899,907	\$ -	\$ -	\$ -	\$ 6,899,907
Eva Jean Wrather Endowment Fund	144,906	-	-	290,350	435,256
Forrest H. Kirkpatrick Endowment Fund	-	-	56,828	171,374	228,202
Lin & Inez Scott Cartwright Endowment Fund	46,988	-	-	99,000	145,988
Brown-McAllister Annuity	-	-	65,350	-	65,350
Mildred W. Phillips Building Endowment Fund	-	-	62,343	-	62,343
Howard E. Short Periodicals Endowment Fund	-	-	(16,808)	61,160	44,352
Dale & Betty Fiers Endowment Fund	12,053	-	-	27,850	39,903
Equipment and Furnishing Endowment Fund	-	38,292	-	-	38,292
Forrest Reed Lecture Endowment Fund	-	-	9,458	26,452	35,910
Carl Ketcherside Scholarship Endowment Fund	-	-	6,593	25,000	31,593
Technology Endowment Fund	-	29,747	-	-	29,747
Willis Jones Endowment Fund	-	26,505	-	-	26,505
Land Acquisition & Insurance Endowment Fund	-	-	7,913	16,741	24,654
Dietrich Bonhoeffer Confessing Church Endowment Fund	-	-	6,950	17,500	24,450
Continuing Education Fund	-	21,258	-	-	21,258
Joe A. & Nancy Vaughn Staup Seminar Endowment Fund	-	-	5,387	12,750	18,137
Wade Rubick Endowment Fund	-	-	6,552	11,100	17,652
Edward G. Holley Book Endowment Fund	-	-	4,204	10,787	14,991
Cannon-Benoit Internship Endowment Fund	-	-	4,103	10,000	14,103
Historical Material Preservation Fund	-	14,084	-	-	14,084
Museum Endowment Fund	-	11,136	-	-	11,136
Henry Barton Robison Endowment Fund	-	-	2,769	5,794	8,563
Roland & Kitty Huff Endowment Fund	-	8,030	-	-	8,030
Watkins Reading Room Fund	-	-	7,303	-	7,303
James & Dudley Seale Publications Endowment Fund	-	-	6,472	-	6,472
Peter & Lynn Morgan Endowment Fund	-	5,146	-	-	5,146
Total	\$ 7,103,854	\$ 154,198	\$ 235,417	\$ 785,858	\$ 8,279,327