



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

FINANCIAL STATEMENTS

DECEMBER 31, 2006

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

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REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying statement of financial position of Central Pastoral Office for Hispanic Ministries of the Christian Church (Disciples of Christ) (the "Organization") as of December 31, 2006, and the related statements of activities and cash flows for the year 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Blue & Co., LLC

February 27, 2008

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

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2006

ASSETS

Cash	\$ 28,007
Receivables	3,825
Due from related organization	26,827
Funds held for others	9,656
Investments	187,765
Property and equipment, net	<u>26,421</u>
	<u>\$ 282,501</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 4,538
Accrued payroll	8,616
Funds held for others	9,656
Capital lease obligations	<u>15,885</u>
Total liabilities	38,695
Net assets	
Unrestricted	92,987
Temporarily restricted	66,542
Permanently restricted	<u>84,277</u>
Total net assets	<u>243,806</u>
	<u>\$ 282,501</u>

See accompanying notes to financial statements.

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

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2006**

	General Fund	Programs Designated Fund	National Hispanic Assembly Fund	Urban Ministries Project Fund	Domingo Rodriguez Scholarship Fund	Ferdinand Garcia Fund	Total
Change in unrestricted net assets							
Support and revenue:							
Contributions	\$ 248,248	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 248,248
Investment return	9,406	-0-	-0-	-0-	-0-	4,509	13,915
Registration fees	-0-	-0-	19,188	-0-	-0-	-0-	19,188
Other income	7,159	-0-	-0-	-0-	-0-	-0-	7,159
Net assets released from restrictions	<u>1,118</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,118</u>
Total support and revenue	265,931	-0-	19,188	-0-	-0-	4,509	289,628
Expenses:							
Salaries and related benefits	133,419	-0-	-0-	-0-	-0-	-0-	133,419
Board meetings and National Assembly	7,326	-0-	26,745	-0-	-0-	-0-	34,071
Leadership development, lay, and clergy	10,908	5,615	-0-	11,195	-0-	-0-	27,718
Travel expenses	23,904	-0-	-0-	-0-	-0-	-0-	23,904
Administrative charges	23,029	-0-	-0-	-0-	-0-	-0-	23,029
Office expenses	7,908	-0-	-0-	-0-	-0-	-0-	7,908
Women and youth ministries	2,893	-0-	-0-	-0-	-0-	-0-	2,893
Other	<u>5,925</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>5,925</u>
Total expenses	215,312	5,615	26,745	11,195	-0-	-0-	258,867
Interfund transfers	<u>(681)</u>	<u>-0-</u>	<u>681</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Change in unrestricted net assets	49,938	(5,615)	(6,876)	(11,195)	-0-	4,509	30,761
Change in temporarily restricted net assets							
Contributions	1,118	-0-	-0-	-0-	-0-	-0-	1,118
Investment return	-0-	-0-	-0-	-0-	3,110	-0-	3,110
Net assets released from restrictions	<u>(1,118)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(1,118)</u>
Change in temporarily restricted net assets	-0-	-0-	-0-	-0-	3,110	-0-	3,110
Change in permanently restricted net assets							
Contributions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>7,292</u>	<u>7,603</u>	<u>14,895</u>
Total change in net assets	49,938	(5,615)	(6,876)	(11,195)	10,402	12,112	48,766
Net assets, beginning of year, as restated	<u>34,013</u>	<u>62,557</u>	<u>6,876</u>	<u>11,195</u>	<u>33,240</u>	<u>47,159</u>	<u>195,040</u>
Net assets, end of year	<u>\$ 83,951</u>	<u>\$ 56,942</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 43,642</u>	<u>\$ 59,271</u>	<u>\$ 243,806</u>

See accompanying notes to financial statements.

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

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2006

Operating activities

Change in net assets	\$ 48,766
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Unrealized gain on investments	(12,175)
Loss on disposal of equipment	385
Depreciation	1,946
Changes in assets and liabilities	
Receivables	(890)
Due from related organization	171
Accounts payable	(14,014)
Accrued payroll	4,774
Net cash flows from operating activities	<u>28,963</u>

Investing activities

Capital expenditures	(2,939)
Change in investments	<u>(101,244)</u>
Net cash flows from investing activities	(104,183)

Financing activities

Principal payments under capital lease obligations	<u>(2,158)</u>
Net change in cash	(77,378)

Cash, beginning of year 105,385

Cash, end of year \$ 28,007

Supplemental disclosure of cash flow information

Cash payments for interest \$ 208

**Supplemental disclosure of non-cash investing
and financing activities**

Equipment acquired through capital lease obligation \$ 15,500

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

1. NATURE OF ACTIVITIES

The Central Pastoral Office for Hispanic Ministries of the Christian Church (Disciples of Christ) (the "Organization") functions under the direction of and is accountable to the Pastoral Commission for Hispanic Ministries who in turn reports to the Christian Church (Disciples of Christ) (the "Church"). The primary purpose is to provide leadership and resources to the Hispanic and Bilingual congregations of the Church in the United States and Canada in collaboration with other Regions and Units of the Church. A significant portion of the Organization's support comes from Church member congregations and from related Church organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets, support, revenue, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that will be met either by specific action of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Expirations of temporary restrictions on net assets (i.e. the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

The Organization still maintains the use of fund accounting for internal recordkeeping purposes. The six funds maintained by the Organization consist of:

General Fund - This unrestricted fund accounts for support and revenue collected and expenses incurred to support the general operations and programs of the Organization.

Programs Designated Fund - This temporarily restricted fund accounts for contributions received to support the Organization's Shepherding the

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

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2006

Shepherds, Hispanic Summit, Reconciliation Planning, Border to Border, New Church Ministries Training, and Christian Video Library programs.

National Hispanic Assembly Fund – This unrestricted fund accounts for registration fees collected to support the National Hispanic Assembly that is held every even year. Any monies collected that exceed related expenses have been designated by the Board to be used to support future assemblies.

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

Domingo Rodriguez Scholarship Fund – The Organization established this endowment fund to collect gifts to support the Domingo Rodriguez Ministerial Scholarship Fund. Gifts collected are permanently restricted and invested in an account managed by the Christian Church Foundation. Investment return earned on these gifts is reported as temporarily restricted and can be used to fund future scholarships.

Ferdinand Garcia Fund – The Organization established this endowment fund to collect gifts to support the Organization's future operations. Gifts collected are permanently restricted and invested in an account managed by the Christian Church Foundation. Investment return earned on these gifts is reported as unrestricted and can be used to support the Organization's general operations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from those estimates.

Significant areas involving the use of estimates and assumptions include the collectibility of receivables, the depreciation of property and equipment, and the functional allocation of expenses.

Receivables

Management estimates an allowance for doubtful receivables based on current economic conditions, historical trends, and past experience with their donors and other constituents. At December 31, 2006, management determined that no allowance was necessary.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2006

Due from Related Organization

The due from related organization consists of contributions to be distributed to the Organization by Church Finance Council, Inc., the central receiving unit of the Church.

Funds Held for Others

Funds held for others represent assets held by the Organization in a trustee capacity.

Investments and Investment Return

Investments held by the Organization are carried at market value for financial reporting purposes. Changes in unrealized appreciation or depreciation of those investments are reflected in the Statement of Activities as investment return in the period such changes occur, as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donors to a specified purpose or future period.

Property and Equipment

The Organization capitalizes all significant purchases of property and equipment at cost, including expenditures that substantially increase the useful lives of existing assets. Costs of ordinary maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 5 to 10 years.

Contributions

Contributions are recognized as support in the period the contributions are received. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. Support that is restricted by the donor is also reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Federal Income Taxes

The Organization is a not-for-profit organization that is exempt from the payment of Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

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3. INVESTMENTS

Investments are held with related Church organizations and are composed of the following:

Board of Church Extension - investment certificates	\$ 10,272
Christian Church Foundation - pooled investments	<u>177,493</u>
	<u>\$ 187,765</u>

The market value of investments is provided to the Organization by the related Church organizations.

The following tabulation summarizes the return on cash and investments during the year ended December 31, 2006:

Interest income	\$ 4,850
Unrealized gains	12,175
Investment return	<u>\$ 17,025</u>

The investment return is reported in the statement of activities as follows:

Unrestricted	\$ 13,915
Temporarily restricted	<u>3,110</u>
	<u>\$ 17,025</u>

4. PROPERTY AND EQUIPMENT

Property and equipment primarily consists of office furniture and equipment with a total cost of \$62,535 and accumulated depreciation totaling \$36,114 at December 31, 2006.

5. CAPITAL LEASES

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

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Future minimum lease payments at December 31, 2006 under the terms of the capital leases are summarized below:

<u>Year Ending December 31,</u>	
2007	\$ 3,704
2008	3,312
2009	3,312
2010	3,312
2011	<u>3,312</u>
Total minimum lease payments	16,952
Less amount representing interest (8% to 12%)	<u>(1,067)</u>
Present value of minimum lease payments	<u>\$ 15,885</u>

6. PENSION PLAN

All employees of the Organization, who meet certain eligibility requirements, may participate in a defined contribution retirement plan sponsored by the Church. Lay employees may elect to contribute up to 3% of eligible compensation to the plan. The Organization will contribute to the plan 11% of eligible compensation for lay employees and 14% of eligible compensation for clergy employees. The Organization made contributions to the plan during the year ended December 31, 2006 of \$5,659.

7. NET ASSET RESTRICTIONS

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
General operations	\$ 83,951	\$ -0-	\$ -0-	\$ 83,951
Sponsored programs (Programs Designated)	-0-	56,942	-0-	56,942
Scholarships (Domingo Rodriguez)	-0-	9,600	34,042	43,642
Future operations (Ferdinand Garcia)	<u>9,036</u>	<u>-0-</u>	<u>50,235</u>	<u>59,271</u>
	<u>\$ 92,987</u>	<u>\$ 66,542</u>	<u>\$ 84,277</u>	<u>\$ 243,806</u>

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8. NET ASSETS RELEASED FROM RESTRICTIONS

During 2006, temporarily net assets totaling \$1,118 were released to fund scholarships.

9. PRIOR PERIOD ADJUSTMENT

An adjustment was made to decrease the General Fund's beginning net asset balance by \$16,315 for errors previously made in recording accrued payroll, accounts payable, and contributions payable. The effects of this adjustment on the change in net assets for the year ended December 31, 2005 has not been determined.

10. OTHER RELATED PARTY TRANSACTIONS

In 2006, the Organization paid \$25,275 in office rent and other administrative services to Christian Church Services, Inc. These services are paid on a month to month basis with no formal agreement. In 2006, the Organization reimbursed the Office of General Minister and President for payroll totaling \$92,613 and the Christian Church (Disciples of Christ) Health Care Benefit Trust of the Pension Fund for health benefits totaling \$17,545. Contributions from the Mission Imperative initiative of the Office of General Minister and President amounted to \$68,077 for 2006. All of these organizations are affiliated with the Disciples of Christ Church.

11. FUNCTIONAL EXPENSES

Expenses by program and supporting activities for the year ended December 31, 2006 are as follows:

Program services	\$ 128,937
Fundraising	78,477
Management and general	51,453
	<u>\$ 258,867</u>

12. CONCENTRATIONS

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